



SOCIAL SECURITY BOARD

Annual Report

2011



To Be a Model Social Security Institution, the pride of Belize!

SOCIAL SECURITY BOARD



Our Mission:

Deliver timely, cost effective and top quality service to our beneficiaries and other stakeholders;

Grow and protect a sustainable Social Security Fund with integrity and transparency;

Impact positively on National Development.

Our Vision:

To be a model Social Security Institution, the pride of Belize!

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SOCIAL SECURITY BOARD

BOARD OF DIRECTORS

BOARD OF DIRECTORS



Chairman
Ms. Lois M. Young



Deputy Chairman & GOB Representative
Mr. Dennis Jones



Government Representative
Mr. Ariel Mitchell



Government Representative
Mrs. Nataile Goff



Government Representative
Mr. Paul Jones



Employer's Representative
Mr. Mark Lizarraga



Employer's Representative
Mrs. Lourdes Smith



Employee's Representative
Mrs. Elena Smith



Employee's Representative
Mr. Dylan Reneau



Chief Executive Officer (Ex-Officio Member)
Mrs. Merlene Bailey Martinez



CORPORATE INFORMATION

INVESTMENT COMMITTEE

Chairman:	Mr. Nestor Vasquez
Employer's Representative:	Mr. Emil Mena
National Trade Union Congress:	Ms. Lorelei Westby
Government Representative:	Mr. Norman Dueck
Chief Executive Officer (Ex-Officio Member):	Mrs. Merlene Bailey Martinez
Board Secretary:	Mrs. Irene Cruz

NON-CONTRIBUTORY PENSION COMMITTEE

Chairman:	Canon Leroy Flowers
National Council on Aging:	Mr. Andre O'Brien
Ministry of Human Development:	Mrs. Ava Pennill
Secretary:	Ms. Agnes Flowers

NATIONAL HEALTH INSURANCE COMMITTEE

Executive Chairman:	Dr. George Gough
Chief Executive Officer, Social Security Board:	Mrs. Merlene Martinez
Chief Executive Officer, Ministry of Health:	Dr. Peter Allen
Director of Health Services:	Dr. Michael Pitts
Belize Council of Churches:	Mrs. Rose Armstrong
Belize Medical and Dental Association:	Dr. Giovanni Solorzano
ORINCO:	Mrs. Louise Moore
NTUCB:	Ms. Cynthia Villagran
NTUCB:	Mr. Marvin Mora
PUP Representative:	Dr. Gregorio Garcia
Belize Business Bureau:	Dr. Cardo Martinez
Belize Chamber of Commerce:	Ms. Kay Menzies
General Manager NHL:	Dr. Ramon Figuerroa
Secretary:	Mrs. Phyllis Moody

AUDIT COMMITTEE

Chairman:	Mrs. Natalie Goff
Employer's Representative:	Mrs. Lourdes Smith
Employee's Representative:	Mr. Dylan Reneau
Secretary/Internal Auditor:	Ms. Denise Mahler

CONSULTANTS

External Auditor: Castillo, Sanchez and Burrell
Actuary: Hernando Pérez Montás Consultores Actuariales, S.A.
Legal: Young's Law Firm

NCP APPEAL TRIBUNAL

Chairman:	Ms. Leonora Flowers
Members:	Ms. Anna Gonzalez
	Mr. Carlton Mckoy



APPEAL TRIBUNAL

Chairpersons:

Mr. Aldo Salazar
Ms. Margaret Mckenzie
Mrs. Naima Barrow
Ms. Tricia Pitts-Anderson
Ms. Tania Moody
Mr. Jaseeth Jackson
Mr. Jose Cardona

Employer's Representatives:

Mr. Nolan Michael
Mr. Lawrence MacLaren
Mrs. Cynthia Awe
Ms. Karen Godfrey
Mr. Bernard Pickwood
Mrs. Joan Avelar
Mr. Albert Moore
Ms. Marina Young
Mr. Erasmo Franklin
Ms. Michelle Rudon
Ms. Lisbeth Ayuso

Employees's Representatives:

Ms. Yolanda Carillo	Mr. Sean Nicholas
Mr. Aislynn Humes	Ms. Virginia Cabanas
Mr. Arnold Zuniga	Ms. Brenda Ferguson
Mr. Douglas Yorke	Ms. Ines Duran
Mr. Earl Lopez	Mr. Brenton Gentle
Mr. Hartman Mckoy	Ms. Cynthia Villagran
Mr. Horris Patten	Ms. Rebeca Suazo
Mr. Ian Ramirez	Mr. Dorin McFadzean
Mrs. Jacqueline Sanchez	Ms. Cathy Linares
Mr. Jamir Enriquez	Mr. Alejandro Gonzalez
Mr. Javier Roberts	Ms. Gwendolyn Wesby
Ms. Ofelia Gomez	Mr. Timoteo Romero
Mr. Paul Perriott	Mr. Mario Caliz
Mr. Phillip Tate	Ms. Horetence Humes
Mr. Ramon Carcamo	Mr. Eugene Lisbey
Mrs. Margaret Enriquez	



CORPORATE INFORMATION

MANAGEMENT

Executive Services

Chief Executive Officer

Executive Secretary

Manager, Internal Audit Services

Acting Manager, Information Technology Services

Mrs. Merlene Martinez

Mrs. Irene Cruz and Mrs. Phyllis Moody

Ms. Denise Mahler

Mr. Erikson Lamb

Benefits & National Branch Operation Services

General Manager

Benefits Manager

Employment Injury Manager

Manager, Corozal and the Free Zone Sub Office

Manager, Orange Walk

Manager, Belize

Manager, San Pedro

Manager, Belmopan

Manager, Santa Elena, Spanish Lookout and Benque

Manager, Dangriga

Manager, Independence and Plancencia Sub Office

Manager, Punta Gorda

Ms. Anna Gonzalez

Ms. Anna Guy

Mrs. Chandra Cansino

Ms. Ismelda Waite

Mrs. Floricely Riverol

Mrs. Thurnica Middleton

Mrs. Margarita Cawich

Mr. Derrick Morgan

Mrs. Olivia Dakers

Mrs. Leonie Ferguson

Mrs. Yolanda Sabido

Mr. Arnaldo Villas

Financial and Accounting Services

General Manager

Manager, Accounting Services

Senior Inspector, Compliance Services

Mr. Leo Vasquez

Mrs. Nabi Nabet Reyes

Mr. Carlton Mckoy

Human Resources Management and Administration Services

Acting General Manager

Manager, Industrial Relations Services

Ms. Arlene Neal

Mrs. Deborah Ruiz

Investment Services

General Manager

Manager

Mr. Norberto Depaz

Mr. Miguel Gongora

Legal Services

Legal Officer

Ms. Leonora Flowers

National Health Insurance

General Manager

Manager, Quality Assurance

Manager, Primary Care

Dr. Ramon Figueroa

Dr. Natalia Rodriguez

Ms. Ruth Jaramillo

Office of Strategic Management

General Manager

Manager, Customer Relations Services

Manager, Research and Analysis Services

Mrs. Leticia Vega

Mrs. Marianela Vasquez Guerra

Mr. Sean Sebastian

Registration & Contribution Records Services

General Manager

Mrs. Maria Elena Contreras



CONTACT INFORMATION: HEADQUARTERS, BRANCHES AND SUB OFFICES

Belize Branch Office

Corner Princess Margaret Drive
& St. Joseph Street
Belize City
Tel: 224-5025/ 223-2834
Fax: 224-5893

Belmopan Branch Office

P.O. Box 18
Bliss Parade, Belmopan
Tel: 822-0085/822-0086
Fax: 822-2825

Belmopan, Headquarters

P.O. Box 18
Bliss Parade, Belmopan
Tel: 822-2163/2471
Fax: 822-3331

Benque Viejo Del Carmen Sub-Office

Church Street
Benque Viejo Del Carmen
Tel: 823-2337

Caye Caulker Sub-Office

Front Street
Caye Caulker Village
Tel: 226-0053

Corozal Branch Office

105 A 7th Avenue
Corozal Town
Tel: 422-2276
Fax: 422-3678

Corozal Free Zone Sub-Office

Nassau Plaza
Corozal Free Zone
Tel: 423-7240
Fax: 423-7244

Dangriga Branch Office

#1 Courthouse Street
Dangriga Town
Tel: 522-2101/ 522-3736
Fax: 522-3198

Independence Branch Office

Savannah Road
Independence
Stann Creek District
Tel: 523-2083
Fax: 523-2448

Orange Walk Branch Office

Corner Queen Victoria Street &
La Democracia Avenue
Orange Walk Town
Tel: 322-2217/322-0220
Fax: 322-3958

Placencia Sub-Office

Main Street
Placencia Village
Tel: 523-3619
Fax: 523-3231

Punta Gorda Branch Office

Corner Prince & West Streets
Punta Gorda Town
Tel: 722-2076
Fax: 722-2525

San Pedro Branch Office

Pescador Drive
San Pedro, Ambergris Caye
Tel: 226-2625
Fax: 226-3064

Santa Elena Branch Office

Corner Western Highway &
Liberty Street
Santa Elena, Cayo District
Tel: 824-2178/ 822-2708
Fax: 824-3534

Spanish Lookout Sub-office

Spanish Lookout
Center Road
Tel: 823-0416

Customer Service Line: 822-0084

Email: info@socialsecurity.org.bz

Website: www.socialsecurity.org.bz



SOCIAL SECURITY BOARD

Financial Statements for the Years Ended

December 31, 2011 and
2010 and Independent
Auditors' Report



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David Burrell, CPA
Counselor:
Alicia Castillo, LL

Audit & Tax Advisory
Business Solutions
Construction
Real Estate
Corporate
Forensic

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of SOCIAL SECURITY BOARD:

Report on the Financial Statements

We have audited the accompanying financial statements of Social Security Board, which comprise the statements financial position as at December 31, 2011 and 2010 and statements of income, statements of comprehensive income, statements of changes in reserves and statements of cash flows for the years then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the Social Security Act and requirement of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2000 - 2003. This responsibility includes: designing, implementing and maintaining internal control, relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Correspondent Firm to Deloitte Touche Tohmatsu



Independent Auditors' Report

Page 2

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Social Security Board as of December 31, 2011 and 2010 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards, the Social Security Act and requirement of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2000 – 2003.

A handwritten signature in blue ink, reading "Castillo Sanjo Benavides".

Chartered Accountants

May 8, 2012



FINANCIAL STATEMENTS 2011

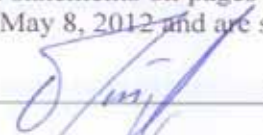

SOCIAL SECURITY BOARD

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

<u>ASSETS</u>	<u>Notes</u>	<u>2011</u>	<u>2010</u>
Current assets:			
Cash and cash equivalents	2e	\$ 13,259,258	\$ 9,613,875
Central Bank of Belize	2e	233,166	827,090
Short term investments	2f, 6	125,840,448	132,352,809
Investment income receivable	7	6,582,083	6,250,005
Accounts receivable and prepayments	2g, 8	5,557,483	4,098,650
Office supplies	2h	<u>152,368</u>	<u>97,266</u>
Total current assets		<u>151,624,806</u>	<u>153,239,695</u>
Advances to employees	2i	1,144,748	880,500
Fixed assets – net	2j, 4	29,576,336	29,769,563
Pension asset	2t, 5	3,425,673	3,335,246
Intangible asset	2k	1,968,007	1,463,128
Investment in associates	2l, 9	128,675,786	122,443,961
Long term investments	2i, 10	<u>103,830,644</u>	<u>104,661,633</u>
TOTAL ASSETS		<u>\$420,246,000</u>	<u>\$415,793,726</u>
<u>LIABILITIES AND RESERVES</u>			
Current liabilities:			
Accounts payable and accruals	2d, 11	\$ <u>6,455,831</u>	\$ <u>13,512,525</u>
Total current liabilities		<u>6,455,831</u>	<u>13,512,525</u>
Deferred income	2m	3,566,242	5,717,847
Reserves:			
Short term benefits branch		5,791,644	8,710,223
Long term benefits branch		304,276,165	297,236,520
Employment injury benefits reserve		77,288,300	68,120,638
Disablement and death benefits reserves	2s	16,563,847	16,364,876
National health insurance fund		1,835,699	2,142,113
Natural disaster fund		881,076	631,076
Social development fund		161,523	22,662
Pension reserve	2t, 5	<u>3,425,673</u>	<u>3,335,246</u>
Total reserves		<u>410,223,927</u>	<u>396,563,354</u>
TOTAL LIABILITIES AND RESERVES		<u>\$420,246,000</u>	<u>\$415,793,726</u>

The financial statements on pages 3 to 7 were approved and authorized for issue by the Board of Directors on May 8, 2012 and are signed on its behalf by:

) Chairman
) Director

The notes on pages 8 to 38 are an integral part of these financial statements.

FINANCIAL STATEMENTS 2011



SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES

STATEMENTS OF YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2011</u>	<u>2010</u>
INCOME	2o		
Contributions:			
Employers and employed persons		<u>\$60,913,724</u>	\$ <u>60,329,075</u>
Total contributions		60,913,724	60,329,075
Other income:			
Net investment income	12	16,225,799	24,784,437
Other income	13	875,999	794,772
GOB contribution to NHI Fund	2p	<u>14,000,004</u>	<u>14,245,864</u>
Total other income		31,101,802	39,825,073
TOTAL INCOME		<u>\$92,015,526</u>	<u>\$100,154,148</u>
EXPENDITURES			
Benefits:	2r		
Short term benefits branch		\$10,975,229	\$ 10,427,906
Long term benefits branch		28,637,961	26,432,583
Employment injury benefits branch		4,061,373	4,024,274
Disablement and death benefits	2s	1,815,926	1,934,752
National health insurance benefits		<u>13,426,568</u>	<u>13,355,728</u>
Total benefits		58,917,057	56,175,243
Operating expenses:			
Administration	14	18,847,253	18,599,661
Establishment	15	1,131,068	1,206,527
Financial		<u>144,083</u>	<u>126,992</u>
Total operating expenses		20,122,404	19,993,180
TOTAL EXPENDITURES		<u>79,039,461</u>	<u>76,108,423</u>
Excess of income over expenditures		<u>\$12,976,065</u>	\$ <u>24,045,725</u>

The notes on pages 8 to 38 are an integral part of these financial statements.



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
EXCESS OF INCOME OVER EXPENDITURES	\$12,976,065	\$ 24,045,725
OTHER COMPREHENSIVE INCOME:		
APV disablement benefits	858,843	580,700
APV death benefits	<u>475,953</u>	<u>389,959</u>
	1,334,796	970,659
Actuarial gains on defined benefits plan	<u>90,427</u>	<u>610,717</u>
Other comprehensive income for the year	<u>1,425,223</u>	<u>1,581,376</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$14,401,288</u>	<u>\$ 25,627,101</u>

The notes on pages 8 to 38 are an integral part of these financial statements.

FINANCIAL STATEMENTS 2011



SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, December 31, 2010 restated	\$8,710,223	\$297,236,520	\$68,120,638	\$16,364,876	\$2,142,113	\$631,076	\$ 22,662	\$3,335,246	\$396,563,354
Transfer to Social Development Account and Assistance Fund	-	-	(1,131,266)	-	-	-	411,813	-	(719,453)
Transfer to Short Term Benefit Branch	-	-	-	-	-	-	-	-	-
Natural Disaster Fund Expenditure	-	-	-	-	-	250,000	-	-	250,000
Social Development Account and Assis- tance Fund Expen- ditures	1,690	-	-	-	-	-	(272,952)	-	(271,262)
Excess of (expendi- tures over income)	(2,920,269)	7,039,645	10,298,928	(1,135,825)	(306,414)	-	-	-	12,976,065
income over expen- ditures	-	-	-	1,334,796	-	-	-	90,427	1,425,223
Other Comprehen- sive Income	-	-	-	1,334,796	-	-	-	90,427	1,425,223
Balance, December 31, 2011	\$5,791,644	\$304,276,165	\$77,288,300	\$16,563,847	\$1,835,699	\$881,076	\$161,523	\$3,425,673	\$410,223,927

The notes on pages 8 to 38 are an integral part of these financial statements.



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Excess of income over expenditures	<u>\$12,976,065</u>	<u>\$24,045,725</u>
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Depreciation	1,542,473	1,709,964
Recognition of goodwill	-	(4,609,933)
Income from associates	(7,298,492)	(5,519,928)
Amortization of deferred income	(2,151,605)	(2,209,984)
Provision for loss (gain) on investment – net	-	(4,022,813)
Loss on sale of fixed asset	5,497	6,247
Changes in current assets and liabilities:		
(Increase) decrease in investment income receivable	(332,078)	2,516,433
(Increase) decrease in accounts receivable and prepayments	(1,458,833)	4,559,642
Increase in office supplies	(55,102)	(27,345)
Increase in advances to employees	(264,248)	(16,198)
(Decrease) increase in accounts payable and accruals	<u>(7,056,694)</u>	<u>6,417,655</u>
Total adjustment		<u>(1,196,260)</u>
Net cash (used in) provided by operating activities	<u>(4,093,017)</u>	<u>22,849,465</u>
Cash flows from investing activities:		
Decrease in long and short term investments	7,343,350	6,229,982
Investment in associates	1,066,667	(45,390,061)
Additions to fixed assets	(1,590,706)	(1,870,789)
Acquisition of intangible asset	(504,879)	(1,463,128)
Proceeds from disposal	<u>235,963</u>	<u>24,895</u>
Net cash provided by (used in) investing activities	<u>6,550,395</u>	<u>(42,469,101)</u>
Cash flows from financing activities:		
Change in short term reserve	1,690	(3,380)
Change in social development fund	138,861	(46,135)
Change in employment injury reserve	(1,131,266)	(1,122,965)
Change in natural disaster fund	250,000	250,000
Change in death and disablement reserve	<u>1,334,796</u>	<u>970,659</u>
Net cash provided by financing activities	<u>594,081</u>	<u>48,179</u>
Net increase (decrease) in cash and bank balances	<u>3,051,459</u>	<u>(19,571,457)</u>
Cash and bank balances, January 1	<u>10,440,965</u>	<u>30,012,422</u>
Cash and bank balances, December 31	<u>\$13,492,424</u>	<u>\$10,440,965</u>



SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

Social Security Board (Board/SSB) is a statutory body which came into existence with the enactment of the Social Security Act, Chapter 44, Laws of Belize 1980. Social Security was established to provide various financial benefits to insured persons residing in Belize. Funding of these benefits is provided through contributions from employers and employees. The corporate headquarters is located at Bliss Parade, Belmopan.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of preparation – The financial statements of Social Security Board have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), while the form and content are specified in the Social Security Act, Chapter 44, Revised Edition 2003. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The financial statements are presented in Belize dollars, which is also the functional currency of the Board.

Use of estimates – The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Board's accounting policies.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Board based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Board. Such changes are reflected in the assumptions when they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension benefits

The cost of defined benefit pension plans and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All valuations are made by an actuary.

Changes in accounting policies – New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2011:

- IAS 24 Related Party Disclosures (amendment) effective 1 January 2011
- IAS 32 Financial Instruments: Presentation (amendment) effective 1 February 2010
- IFRIC 14 Prepayments of a Minimum Funding Requirement (amendment) effective 1 January 2011
- Improvements to IFRSs (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transactions (Amendment)

The IASB issued an amendment to IAS 24 that clarifies the definitions of a related party. The new definitions emphasize a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Board.

IAS 32 Financial Instruments: Presentation (Amendment)

The IASB issued an amendment that alters the definition of a financial liability in IAS 32 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Board because the Board does not have these types of instruments.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognized as a pension asset. The Board is not subject to minimum funding requirements in Belize; therefore, the amendment of the interpretation has no effect on the financial position nor performance of the Board.

Improvements to IFRSs

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to accounting policies, but no impact on the financial position or performance of the Board.

- *IFRS 3 Business Combinations*: The measurement options available for non-controlling interest (NCI) were amended. Only components of NCI that constitute a present ownership interest that entitles their holder to a proportionate share of the entity's net assets in the event of liquidation should be measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components are to be measured at their acquisition date fair value.
- *IFRS 7 Financial Instruments — Disclosures*: The amendment was intended to simplify the disclosures provided by reducing the volume of disclosures around collateral held and improving disclosures by requiring qualitative information to put the quantitative information in context. The Board reflects the revised disclosure requirements in Note 3.
- *IAS 1 Presentation of Financial Statements*: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income maybe either in the statement of changes in equity or in the notes to the financial statements. The Board provides this analysis the statements of changes in equity.

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Board:

- *IFRS 3 Business Combinations* (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))
- *IFRS 3 Business Combinations* (Un-replaced and voluntarily replaced share-based payment awards)
- *IAS 27 Consolidated and Separate Financial Statements*
- *IAS 34 Interim Financial Statements*



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following interpretation and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Board:

- IFRIC 13 Customer Loyalty Programmes (determining the fair value of award credits)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Board's financial statements are listed below. This listing of standards and interpretations issued are those that the Board reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Board intends to adopt these standards when they become effective.

IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 change the Boarding of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has there no impact on the Board's financial position or performance. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

IAS 12 Income Taxes – Recovery of Underlying Assets

The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in IAS 16 always be measured on a sale basis of the asset. The amendment becomes effective for annual periods beginning on or after 1 January 2012.

IAS 19 Employee Benefits (Amendment)

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. The Board had made a voluntary change in accounting policy to recognize actuarial gains and losses in OCI in the current period (see note 5). The Board is currently assessing the full impact of the remaining amendments. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IAS 27 Separate Financial Statements (as revised in 2011)

As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements. The Board does not present separate financial statements. The amendment becomes effective for annual periods beginning on or after 1 January 2013.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IAS 28 *Investments in Associates and Joint Ventures* (as revised in 2011)

As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 7 *Financial Instruments: Disclosures* — *Enhanced Derecognition Disclosure Requirements*

The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Board's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after 1 July 2011. The amendment affects disclosure only and has no impact on the Board's financial position or performance.

IFRS 9 *Financial Instruments: Classification and Measurement*

IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The completion of this project is expected over the course of 2011 or the first half of 2012. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Board's financial assets, but will potentially have no impact on classification and measurements of financial liabilities. The Board will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

IFRS 10 *Consolidated Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 11 *Joint Arrangements*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities — Non-monetary Contributions by Venturers*.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard will have no impact the financial position of the Board, since it has no investments in JCEs. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 12 Disclosure of Involvement with Other Entities

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2013.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Board is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2013.

- b. Foreign currency translation – Transactions in foreign currencies are initially recorded by the Board at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss is also recognized in other comprehensive income or profit or loss, respectively).



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. Financial instruments – A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of these financial statements, financial assets have been determined to include cash and cash equivalent, investments in associate and equity investments and loans and other receivables. Financial liabilities have been determined to include accounts payable and accruals, and debt securities.

The Board classifies its investments in debt and equity securities as financial assets or financial liabilities at fair value through profit or loss. This category has two sub-categories: financial assets or financial liabilities held for trading; and those designated at fair value through profit or loss at inception.

(i) Financial assets and liabilities held for trading:

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

(ii) Financial assets and liabilities designated at fair value through profit or loss at inception:

Financial assets and financial liabilities designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Board's documented investment strategy. The Board's policy requires the Investment Manager and the Investment Committee to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information. These financial assets and liabilities are expected to be realized within 12 months of the balance sheet date.

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the Board commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Board has transferred substantially all risks and rewards of ownership.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the income statement within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. (ii) Financial Instruments – (continued)

Interest on debt securities at fair value through profit or loss is recognized in the income statement within interest income based on the effective interest rate.

Fair value estimation

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Board uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. Interest earned whilst holding available-for-sale financial investments is reported as interest income using the EIR method.

Impairment of financial assets

The Board assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. (ii) Financial Instruments – (continued)

substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Offsetting financial instruments - Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Board estimates the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the income statement in expense categories consistent with the function of the impaired asset.

- d. Cash and cash equivalents – The amounts recorded as cash and cash equivalents correspond to the values available in cash, bank deposits and investments in the short term that have immediately liquidity and maturity within three months. Other investments with maturities exceeding three months, and up to one year, are recognized at fair value in income and recorded in short term investments.
- e. Short-term investments – Short-term investments are stated at the lower of cost or market value. Long-term investments are stated at cost less any permanent diminution in investment value.
- f. Accounts receivables – Accounts receivables represent amounts receivable from the sale of products and services made by the Board. The receivables are initially recorded at fair value and subsequently measured at amortized cost, net of estimates of potential losses. The estimated losses from doubtful accounts are provided in an amount considered sufficient to cover potential losses. The value of the loss estimated for doubtful debts is made based on experience of defaults occurred in the past.
- g. Office supplies – Office supplies are stated at the lower of cost and net realizable value, cost being determined on the actual cost of the supplies.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loans and advances – Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Board does not intend to sell immediately or in the near term. Advances to employees, and loans are classified as Advances and Long-term investments on the Statement of Financial Position.

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

- h. Fixed assets – Fixed assets are recorded at cost and, other than land, are depreciated using the straight line method over the estimated useful life of the assets as follows:

Buildings	50 years
Furniture, fixtures and equipment	10 years
Computers and accessories, hardware and software	5 years
Motor vehicles	4 years

Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When fixed assets are disposed of by sale or are scrapped, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

- i. Intangible assets – Intangible assets comprise basically the contractual rights and expenses incurred on specific projects with future economic value, are valued at cost, less accumulated amortization and losses by reducing the recoverable amount where applicable. Intangible assets are recognized only if it is likely they that will generate economic benefits to the Board, are controllable under the Board's control and their respective value can be measured reliably. Intangible assets that have finite useful lives are amortized over their effective use or a method that reflects their economic benefits, while those with indefinite useful lives are not amortized; consequently these assets are tested at least annually as to their recovery (impairment test). The estimated useful life and amortization methods are reviewed at the end of each financial year and the effect of any changes in estimates are recorded in a prospective manner.

Internally generated intangible assets, during the research phase, have their expenditure recorded in expenses of the period when incurred. Expenditure on development activities (or stage of development of an internal project) is recorded as intangible assets if and



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Intangible assets – (continued)

only if it meets all of the requirements of the standard. Initial recognition of this asset corresponds to the sum of the expenditures incurred from when the intangible asset has passed to meet the recognition criteria required by the standard.

Intangible assets generated internally, are recorded at cost value less amortization and loss on the accumulated impairment. The Board's intangible assets comprise mainly of acquired software licenses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

- j. Investments in associates – Associates are investments in entities where the company has the power to exercise a significant influence, but they do not have control or joint control through participation in the financial and operational decisions of the entity.

Usually the stockholding is 20% to 50% of the voting rights. Investments in associated entities are accounted for under the equity method and include goodwill identified on acquisition, net of any accumulated impairment loss.

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in the Board's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Board's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, the Board recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Board and the associate are eliminated to the extent of the interest in the associate.

The Board's share of profit of an associate is included in the income statement as Investment Income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates of the Board are prepared for the same reporting period as the Board. When necessary, adjustments are made to bring the accounting policies in line with those of the Board. After application of the equity method, the Board determines whether it is necessary to recognize an additional impairment loss on its investment in its associates. The Board determines at each reporting date, whether there is any objective evidence that the investment in each



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Investments in associates – (continued)

associate is impaired. If this is the case, the Board calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the ‘share of profit of an associate’ in the income statement.

Upon loss of significant influence over the associate, the Board measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

- k. Deferred income – The Board sold portions of the flows from its mortgage investment portfolio. The financial instrument associated with these flows is carried in the financial statements as “restricted mortgages (Note 10)” and are stated at cost less impairment losses. Income derived from these transactions are treated as deferred income and amortized over the term of each agreement-governing disposal of mortgage flows. Where losses are sustained as a result of servicing mortgage portfolios under the securitization program, such losses are charged directly to income.
- l. Borrowing costs – Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.
- m. Income recognition – Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Board assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Board has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

- i. Investment income – is accounted for on the accrual basis, except for dividends, which are recognized when received. Income from associates is accounted for by the equity method.
- ii. Interest income – For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Income recognition – (continued)

expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Investment Income and Other income in the income statement.

iii. Dividends – Revenue is recognized when the Board’s right to receive the payment is established.

iv. Rental income – Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

a. Basis of apportionment of income –

(i) Contributions – Section 14(1) of the Financial and Accounting Regulations, 1980 provides that all contributions shall be distributed among the Benefits Branches in the following proportions:

	<u>2011</u>	<u>2010</u>
(1) Short term Benefits Branch	19.25%	19.25%
(2) Long term Benefits Branch	56.25%	56.25%
(3) Employment Injury Benefits Branch	24.50%	24.50%

(ii) Other income

(1) Section 14(2) of the Financial and Accounting Regulation, 1980 provides that income from investment of the Reserves is allocated to each branch on the basis of their respective reserves at the end of the previous financial year.

(2) Section 14(3) of the Financial and Accounting Regulations, 1980 provides that all other income to the fund which cannot be identified with any specific branch shall be distributed among the three benefit branches in equal parts.

p. Government contributions – Government contributions and support are accounted for when the Board complies with reasonable security conditions set by the government related to contributions, and assistance received. The Board records via the statement of income, as reducing spending according to the nature of the item, and through the distribution of results on statement of income, or earnings in reserve accounts.

When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- p. Government contributions – (continued)
compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Board receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grants.

- q. Taxes –
Income and property tax and stamp duty
Section 64 (2) of the Social Security Act, Chapter 44, Revised Edition 2003 exempts the Board from income tax and property tax, and stamp duty.
General sales tax
Revenues, expenses and assets are recognized net of the amount of general sales tax.

- r. Benefit payments –
i. SSB recognizes costs associated with payments in the period the beneficiary or recipient is entitled to receive the payment.
ii. Liabilities are accrued on benefits for past periods that have not completed processing by the close of the fiscal year, such as benefit payments due but not paid pending receipt of pertinent information.

- s. Disablement and death benefit reserves – The Disablement and Death Benefits Reserve is made up as provided by Section 16(3) of the Financial and Accounting Regulations, 1980 by transferring thereto at the end of each financial year the balance outstanding in the current account after the actuarial present value of the periodically payable disablement and death benefits awarded in that year have been charged against income for that year in the Income and Expenditure Account of the Employment Injury Benefit Branch and credited to a current account, which is also credited with the income from the investment of the said reserve, and debited with actual payment of the current periodical disablement and death benefit effected during that year.

Basis of apportionment of expenditure

- i. Section 15(1) of the Financial and Accounting Regulation, 1980 states that the expenditures of each benefit branch shall be ascribed to that Branch under which the benefit is grouped, namely: Short Term Benefits Branch, Long Term Benefits Branch and Employment Injury Benefits Branch.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Disablement and death benefit reserves – (continued)

- ii. Section 15(2) of these regulations states that the administrative expenditures of the Fund shall be distributed among the three benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the Income and Expenditure Account of that branch bears to the sum of the contribution income and benefit expenditure of the Fund as a whole.
- iii. Administrative expenses are taken to mean all expenses properly incurred in the administration of the Scheme.

All other expenditures that are not attributable to any specific branch are distributed among the three benefit branches in equal parts.

- a. Pension fund – The Board, as of January 1, 1991, operates a pension scheme which is separately administered by a Board of Trustees. The scheme, which is a defined benefit plan, is funded by contributions from the Board in amounts recommended by the actuaries, and from employees at the rate of 2.8% of annual pensionable salaries. The Board's contributions of 4.3% of pensionable salaries are charged against income in the year they become payable.

Actuarial gains and losses for both defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

3. FINANCIAL RISKS

Financial risk factors

The Board's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Board's overall risk management program seeks to maximize the returns derived for the level of risk to which the Board is exposed and seeks to minimize potential adverse effects on the Board's financial performance. The Board's policy allows it to use financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased long term equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the investment manager under policies approved by the Investment Committee and Board of Directors and the General Manager of Finance. The Board has specific limits on these instruments to manage the overall potential exposure.



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SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

In accordance with IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

A summary of the financial instruments held by category is provided below:

Financial assets	Fair value through profit and loss		Loans and receivables		Available-for-sale	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Cash and bank	-	-	-	-	13,492	10,441
Short term investments	-	-	118,227	7,489	7,613	124,864
Investment income receivable	4,043	4,934	2,539	1,316	-	-
Accounts receivable and pre-payments	-	-	5,557	4,099	-	-
Long term investments	700	700	15,862	9,671	87,269	94,291
Investment in associates	-	-	-	-	<u>128,676</u>	<u>122,444</u>
Total financial assets	<u>4,743</u>	<u>5,634</u>	<u>142,185</u>	<u>22,575</u>	<u>237,050</u>	<u>352,040</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Accounts payable and accruals	<u>5,640</u>	<u>12,797</u>	<u>816</u>	<u>716</u>
Total financial liabilities	<u>5,640</u>	<u>12,797</u>	<u>816</u>	<u>716</u>



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

The Board uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

Market risk

a. Price risk

The Board's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Social Security Act (Chapter 44) of the Laws of Belize, the Investment Committee and the Board of Directors.

A summary analysis of investments by asset class at December 31, 2011 is presented below:

Investment Mix	% of Total Investment
Debentures	0.20
Other	2.96
Shares	1.73
Treasury notes	2.93
Real Estate	3.50
Mortgage and Housing	4.37
Private Sector Loans	15.63
Investment in Associates	35.91
Term Deposits	<u>32.77</u>
Total	<u>100.00</u>

The Act also limits a single investment to be no more than 20% of the total amount of the Reserves, including economically targeted investments. The majority of the Board's equity investments are publicly traded. The Board's policy requires that the overall market position is monitored on a weekly basis by the Board's Investment Manager and is reviewed on a quarterly basis by the Investment Committee and Board of Directors. Compliance with the Board's investment policies are reported to the Investment Committee on a monthly basis.

b. Foreign exchange risk

The Board does not operate internationally and does not hold monetary and non-monetary assets denominated in currencies other than the Belize Dollar, the functional currency. Foreign currency risk, as defined in IFRS 7, arises as the value of future transactions, recognized monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk.

c. Cash flow and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

Board holds fixed interest securities that expose the Board to fair value interest rate risk. The Board also holds cash and cash equivalents that expose the Board to cash flow interest rate risk. The Board's policy requires the General Manager of Finance to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The Board's policy is to hold no more than 20% of the Board's net assets in interest bearing assets and liabilities.

The Board has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Board invests and impact on the valuation of certain over-the-counter derivative products that use interest rates as an input in their valuation model.

In accordance with the Board's policy, the Investment Manager monitors the Board's overall interest sensitivity on a weekly basis; the Investment Committee reviews it on a monthly basis.

d. Credit risk

The Board is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main concentration to which the Board is exposed arises from the Board's investments in debt securities. The Board is also exposed to counterparty credit risk on trading derivative products, cash and cash equivalents, amounts due from associates, debtors and other receivable balances.

The Board manages credit risk by setting limits on the amount loaned, ensuring the loan is properly collateralized, considering the borrower's leverage and the seasonality of the business by restriction in the loan agreements.

In accordance with the Board's policy, the Investment Manager monitors the Board's credit position on a daily basis, and the Investment Committee reviews it on a monthly basis.

e. Liquidity risk

Liquidity risk is the risk that the Board may not be able to generate sufficient cash, resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As a result, the Board may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer. At December 31, 2011 and 2010, the Board held no investments that it considered illiquid.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (Continued)

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form. At December 31, 2011, current assets exceeded current liabilities by \$145,168,975 (2010 - \$139,727,171).

In accordance with the Board's policy, the General Manager of Finance monitors the Board's liquidity position on a weekly basis, and the Investment Manager reviews it on a daily basis.

The table below analyses assets and liabilities of the Board into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

Net liquidity gap, December 31, 2011

	Within 3 months \$	3 months to 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
Current Assets					
Cash and bank	13,259,258	-	-	-	13,259,258
Central Bank of Belize	233,166	-	-	-	233,166
Short term investments	62,662,153	53,678,295	9,500,000	-	125,840,448
Investment income receivable	2,774,770	3,807,313	-	-	6,582,083
Accounts receivable and prepay- ments	2,164,696	911,011	2,481,776	-	5,557,483
Total current assets	81,094,043	58,396,619	11,981,776	-	151,472,438
Current Liabilities					
Accounts payables and accruals	2,339,870	1,644,379	2,471,582	-	6,455,831
Deferred income	553,196	1,659,587	1,353,459	-	3,566,242
Commitments and contingencies	161,523	200,000	681,076	3,425,673	4,468,272
Total current liabilities	3,054,589	3,503,966	4,506,117	3,425,673	14,490,345
Net liquidity gap, December 31, 2011	78,039,454	54,892,653	7,475,659	(3,425,673)	136,982,093
f. Operational risk					

The Board is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Board mitigates this risk by periodically revisiting its internal controls, adhering to its operational policies and procedures, and reliance on the internal audit function.



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

4. FIXED ASSETS

Cost	Land	Buildings	Furniture and fixtures	Office equipment	Computers and accessories, hardware and software	Motor vehicles	Work in progress	Total
Brought forward, January 1, 2011	\$6,533,634	\$23,752,952	\$2,950,492	\$3,275,968	\$7,660,354	\$529,749	\$1,323,282	\$46,026,431
Additions	57,371	33,013	56,626	280,952	265,508	221,298	675,938	1,590,706
Disposals	-	(974,417)	(495,516)	(1,107,587)	(2,963,466)	(90,963)	(6,247)	(5,638,196)
Carried forward, December 31, 2011	<u>6,591,005</u>	<u>22,811,548</u>	<u>2,511,602</u>	<u>2,449,333</u>	<u>4,962,396</u>	<u>660,084</u>	<u>1,992,973</u>	<u>41,978,941</u>
Accumulated depreciation								
Brought forward, January 1, 2011	-	5,346,239	2,405,999	2,009,811	6,100,676	394,143	-	16,256,868
Additions	-	455,452	214,911	248,806	567,847	55,457	-	1,542,473
Disposals	-	(796,365)	(672,813)	(1,029,273)	(2,807,322)	(90,963)	-	(5,396,736)
Carried forward, December 31, 2011	-	<u>5,005,326</u>	<u>1,948,097</u>	<u>1,229,344</u>	<u>3,861,201</u>	<u>358,637</u>	-	<u>12,402,605</u>
Net book value								
December 31, 2011	<u>\$6,591,005</u>	<u>\$17,806,222</u>	<u>\$ 563,505</u>	<u>\$1,219,989</u>	<u>\$1,101,195</u>	<u>\$301,447</u>	<u>\$1,992,973</u>	<u>\$29,576,336</u>
December 31, 2010	<u>\$6,533,634</u>	<u>\$18,406,713</u>	<u>\$ 544,493</u>	<u>\$1,266,157</u>	<u>\$1,559,678</u>	<u>\$135,606</u>	<u>\$1,323,282</u>	<u>\$29,769,563</u>

5. PENSION ASSET

The Board sponsors a defined benefit pension scheme in accordance with a Trust Deed signed by the Board and the Trustees on April 24, 1996, but deemed to have been established under irrevocable trust with effect from January 1, 1991. The scheme is contributory (funded on a bipartite basis by the SSB and the employees. The Board pays fixed contributions into the separate trust which is managed by a Board of Trustees nominated by the employer. These contributions are expensed in the period in which they accrue. The terms of the defined benefit pension scheme define the amount that employees will receive on retirement. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme.), and past services are recognized as from January 1, 1991.

An asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. The defined benefit obligation is calculated by independent actuaries every three years using the projected unit cost method. Actuarial gains and losses are recognized in full in the year in which they occur within other comprehensive income.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid and, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives, where these amounts represent an excess over the 10% corridor.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

5. PENSION ASSETS (Continued)

On a going-concern basis and taking into consideration projected salaries at retirement rather than static salaries, the funded status is as follows, as at December 31, 2011:

	2011	2010
Funded Status		
Accumulated benefit obligation	\$(2,301,158)	\$(1,983,506)
Projected benefit obligation ^{a/}	(4,406,719)^{a/}	\$(3,866,295)
Net Assets	7,666,408^{b/}	7,062,288
Pre-paid Surplus	\$3,259,689	\$ 3,195,993

^{a/} Of which \$3,258,504 are vested

^{b/} Unaudited

Liability (Surplus) to be recognized in the Balance Sheet (at 31 December) ^{a/}

	2011	2010
Present Value of the obligation	4,406,719	3,866,295
Fair value of plan assets	(7,666,408) ^{b/}	(7,062,288)
Net obligations (surplus)	(3,259,689)	(3,195,993)
Unrecognized past service cost	-	- ^{b/}
Unrecognized actuarial gain	(165,984)	(139,253)
Liability (surplus) to be recognized	(3,425,673)	(3,335,246)

^{a/} IAS-19, paragraph 54

^{b/} Full surplus recognized in FY2010 (Note 2 (t) of the financial statements)

^{c/} Unaudited

Changes in Benefit Obligations and Net Assets

The changes in benefit obligations are as follows:

Change in Projected Obligations	2011	2010
Projected benefit obligation at January 1	\$3,866,295	\$3,634,934
Service Cost	353,475	234,288
Interest Cost	266,620	214,272
Benefits and expenses	(114,884)	(235,913)
Actuarial loss – obligations	35,213	18,714
Projected benefit obligation at December 31	\$4,406,719	\$3,866,295
Change in Plan Assets		
Assets at December 31	\$7,062,288	\$6,359,463
Expected return on assets	500,671	450,514 ^{a/}
Contributions	337,152	388,357
Benefit Payments	(114,884)	(235,913)
Actuarial (loss) gain - assets	(118,819)	99,867
Assets at December 31	7,666,408	7,062,288
Consolidated gain	\$3,259,689	\$3,195,993



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

5. PENSION ASSETS (Continued)

Liability (Surplus) to be recognized in the Statement of Financial Position

	2011	2010
Present Value of the obligation	\$4,406,719	\$3,866,295
Fair value of plan assets	(7,666,408)	(7,062,288)
Net surplus	(3,259,689)	(3,195,993)
Unrecognized past service cost	-	-
Unrecognized actuarial gain	1,805,610	2,122,626
Liability (surplus) to be recognized	\$1,454,079	\$ (1,073,367)

Cumulative Gains / Losses and Limits of the Corridor

	2011	2010
Cumulative actuarial gain at 1 Jan. (transitional surplus)	\$3,195,993	\$2,724,760
10% of the greater of FV plan assets or PV of PBO at 1 January	(706,229)	(635,969)
Amount out of corridor	2,489,764	2,088,791
Expected average working service years	15	15
Gain to be recognized	\$ 165,984	\$ 139,253

IFRS permits deferral of unrecognized gains or losses, to the extent that this does not exceed certain limits (defined under the parallel US GAAP requirement as a “corridor”. This limit is the greater of 10% of the PV of the defined benefit obligation at the end of the preceding reporting period (before deducting plan assets), or 10% of the FV of plan assets as of the same date.

Expenses to be recognized

	2011	2010
Current service cost	\$353,475	\$234,288
Interest cost	266,620	214,272
Expected return on assets	(500,671)	(450,514)
Net gain recognized	165,984	139,253
Total	285,408	\$137,299
Employees contributions	(169,353)	(153,152)
Net SSB expenses (pre-paid surplus)	\$116,055	\$ (15,853)

6. SHORT TERM INVESTMENTS

	2011	2010
Term deposits	\$107,727,392	\$114,364,024
Citrus Growers Association crop loan	7,613,056	7,676,785
GOB treasury notes	<u>10,500,000</u>	<u>10,500,000</u>
	125,840,448	132,540,809
Provision – Small Farmers Business Bank	-	(188,000)
	<u>\$125,840,448</u>	<u>\$132,352,809</u>



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

INVESTMENT INCOME RECEIVABLE

	<u>2011</u>	<u>2010</u>
Sunshine Holdings Limited	\$1,704,933	\$ 503,581
Other loans and mortgage portfolios	834,437	812,454
Certificate of deposits	<u>4,042,713</u>	<u>4,933,970</u>
	<u>\$6,582,083</u>	<u>\$6,250,005</u>

Under the terms of the loan note between Sunshine Holdings Limited and SSB issued September 19, 2005, interest earned up to July 31, 2010 was capitalized.

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	<u>2011</u>	<u>2010</u>
Accounts receivable	\$ 180,486	\$ 278,892
Prepayments and other assets	254,157	229,528
Accounts receivable – mortgages	-	11,050
Mortgage securitization programme	<u>5,122,840</u>	<u>3,579,180</u>
	<u>\$5,557,483</u>	<u>\$4,098,650</u>

8. INVESTMENT IN ASSOCIATES

	<u>2011</u>	<u>2010</u>
Belize Electricity Limited 26.92%		
Balance, beginning of year	\$ 67,852,033	\$ 66,924,033
Income from associate	506,634	928,000
Share of associate's other comprehensive income (loss)	-	-
Dividend received from associate	-	-
Balance, end of year	<u>\$ 68,358,667</u>	<u>\$ 67,852,033</u>

Belize Telecommunications Limited 20.18%

	<u>2011</u>	<u>2010</u>
Transaction price of shares in associate	<u>\$ -</u>	<u>\$ 50,000,000</u>
Balance, beginning of year	\$ 54,591,928	\$ -
Transaction cost of investment	-	-
Goodwill	-	4,609,933
Equity calculation (for the year)	-	45,390,067
Income from associate	6,791,858	4,591,928
Share of associate's other comprehensive income (loss)	-	-
Dividend received from associate	<u>(1,066,667)</u>	<u>-</u>
Balance, end of year	<u>\$ 60,317,119</u>	<u>\$ 54,591,928</u>
Total investment in associate, end of year	<u>\$128,675,786</u>	<u>\$122,443,961</u>

9.



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

9. INVESTMENT IN ASSOCIATE (Continued)

By the Belize Telecommunications (Assumption of Control over Belize Telemedia Limited) Order, Statutory Instrument No. 104 of 2009, the Government of Belize (GOB) acquired for and on behalf of itself Forty-six Million Eight Hundred Forty-Five Thousand Five Hundred and Thirteen (46,845,513) ordinary shares in Belize Telemedia Limited [BTL]. Thereafter GOB issued an Offer for Sale in respect of 22,069,687 of the above mentioned shares in BTL to the Belizean public at a price of \$5.00 per share. On November 23, 2010, a share purchase agreement was signed between GOB and the Social Security Board to purchase Ten Million (10,000,000) ordinary shares in the Belize Telemedia Limited.

10. LONG TERM INVESTMENT

	<u>2011</u>	<u>2010</u>
Shares	\$ 6,170,890	\$ 6,170,890
Term deposit	9,691,010	3,500,000
Private sector loans	55,978,586	51,750,491
Mortgages	12,390,108	20,061,090
Restricted mortgages	3,239,509	5,911,179
Real estate	12,533,449	12,598,049
Government of Belize loan	3,127,092	3,969,934
Debentures	<u>700,000</u>	<u>700,000</u>
	<u>\$103,830,644</u>	<u>\$104,661,633</u>

At December 31, 2011, non-performing investments amounted to 4.42% of total long and short term investments (December 31, 2010 – 4.43 %). Under the Board's mortgage securitization program, interest earned on restricted mortgages does not accrue to the Board.

Mortgages received from the Ministry of Housing at December 31, 2011 totaled \$12,339,136 (December 31, 2010 - \$13,302,876).

11. ACCOUNTS PAYABLE AND ACCRUALS

	<u>2011</u>	<u>2010</u>
Mortgage securitization program	\$2,471,582	\$ 4,014,443
Benefits payable	1,644,379	715,864
Investment in associates - BTL	-	7,011,217
Accrued expenses and other liabilities	<u>2,339,870</u>	<u>1,771,001</u>
	<u>\$6,455,831</u>	<u>\$13,512,525</u>

12. NET INVESTMENT INCOME

	<u>2011</u>	<u>2010</u>
Long and short term investments income	\$14,819,690	\$18,404,253
Income from associates	7,298,492	5,519,928
Mortgage securitization program	2,148,807	2,212,783
Investment expenses	(184,465)	(823,858)
Provision for loss on investments	<u>(7,856,725)</u>	<u>(528,669)</u>
	<u>\$16,225,799</u>	<u>\$24,784,437</u>

FINANCIAL STATEMENTS 2011



13. OTHER INCOME – NET

	<u>2011</u>	<u>2010</u>
Interest on late contributions	\$507,158	\$695,698
Interest on staff advances	90,786	69,026
Rental income	38,555	97,471
Loss on disposal of fixed assets	(5,497)	(6,247)
Cards renewal	239,778	231,990
Cost of sea wall – Vista Del Mar	-	(171,906)
Others	<u>5,219</u>	<u>(121,260)</u>
	<u>\$875,999</u>	<u>\$794,772</u>

14. ADMINISTRATION EXPENSES

	<u>2011</u>	<u>2010</u>
Actuarial expenses	\$ 120,469	\$ 108,595
Appeals Tribunal expenses	10,569	18,984
Audit fee	112,359	53,353
Board expenses	186,948	204,503
Cleaning and sanitation	250,556	271,905
Committees expense	123,399	152,160
Compliance project	35,971	40,655
Contribution project	13,959	28,290
Depreciation	1,081,399	1,238,456
Donation	105,000	-
Insurance	93,177	103,905
Legal and professional fees	81,731	92,515
Medical and group health insurance	325,951	314,887
Motor vehicle expenses	74,595	68,932
Overseas conference	58,217	98,723
Pension contribution and expenses	156,700	237,679
Postage	39,876	48,007
Premises repairs and maintenance	354,707	513,089
Printing, stationery and supplies	585,129	961,054
Publicity and promotion	261,400	325,767
Recruitment	2,578	7,726
Registration expenses	162,603	156,740
Salaries	10,287,138	9,657,305
Security	886,134	907,342
Social security contributions	209,711	261,322
Subscriptions	49,855	101,562
Sundries	1,546	241
Telephones and cables	736,596	679,695
Training	155,993	240,126
Transfer and other allowances	1,542,648	946,072
Traveling and subsistence	<u>740,339</u>	<u>760,071</u>
	<u>\$18,847,253</u>	<u>\$18,599,661</u>



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

15. ESTABLISHMENT EXPENSES

	<u>2011</u>	<u>2010</u>
Light, power and water	\$ 594,047	\$ 652,923
Depreciation	461,074	471,508
Rent	<u>75,947</u>	<u>82,096</u>
	<u>\$1,131,068</u>	<u>\$1,206,527</u>

16. SEGMENT REPORTING

In accordance with IFRS 8 and for management purposes, the Board's activities are organised into three main operating segments prescribed in the Social Security Act, Chapter 44, Revised Edition 2003. These are as follows:

- a) *Short Term Benefits Branch: Covers*
 - **Maternity Benefits** which are paid to insured women who are on Maternity leave from work because of their pregnancy and confinement.
 - **Sickness Benefit** is paid for up to 26 weeks to an insured person under 65 years who is temporarily unable to work because of an illness and who is employed when he or she becomes ill.
- b) *Long-term Benefits Branch: Covers*
 - **Retirement Benefits** paid to insured persons who are 65 years of age (and older) or 60 to 64 and not employed.
 - **Invalidity Benefits** paid to insured persons under 60 years who are medically certified by Social Security Medical Board as permanently unable to do any type of work because of an illness.
 - **Survivors' Benefits** paid to the widow/widower, children or parents of a deceased insured person whose death was not caused by a work-related injury.
 -
- c) *Employment Injury Benefits Branch: This branch of benefits provides coverage for an insured person who suffers an employment injury, that is a personal injury or death by way of an accident at work or a disease caused by the type of work he or she does.*

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The results of operations for each Branch is disclosed in pages 40 to 44. Revenues and expenses are allocated based on formula prescribed by law (See note 2o and 2s).



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

17. COMMITMENTS AND CONTINGENCIES

i. Mortgage Securitization – Tranche A

On April 21, 1999, the Board entered into an agreement for the Assignment of Mortgages (Tranche A). The Board, the Development Finance Corporation (DFC), and the Government of Belize (GOB) signed the agreement with the Royal Merchant Bank and Finance Company of Trinidad and Tobago (RMB). Under the agreement, the Board assigned a total of \$18,906,359 worth of mortgages. The Board's commitment under this agreement is for \$293,640 monthly. Under the Administrative Agreement, the monthly commitment is paid to DFC, for further payment to RMB, and shall remain in force until April 30, 2013.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of \$293,640 to GOB. The Board's responsibility under the new agreement will continue until April 30, 2013.

Mortgage Securitization – Tranche B

On December 23, 1999, a second Assignment of Mortgages (Tranche B) agreement was signed between the Board, DFC and RMB. The total value of mortgages assigned by the Board in this transaction is \$15,473,754. The Board's commitment under this agreement is for \$175,200 monthly payable to DFC, for further payment to RMB, and shall remain in force until December 30, 2013.

In October 2004, GOB, through a Fixed Rate Non-Callable Bond Issue refinanced the existing agreement with RMB. The Board did not participate in the refinancing agreement, however, under the new arrangement the Board is committed to continue making monthly payments of \$175,200 to GOB. The Board's responsibility under the new agreement will continue until December 30, 2013.

Mortgage Securitization – Tranche C and D

On March 21, 2000 and August 30, 2000, a third (Tranche C) and fourth (Tranche D) agreement was signed between the Board, DFC and RMB. Under these two agreements, the mortgages assigned by the Board came from the Saint James National Building Society (SJNBS), and totaled \$27,731,240. Under these agreements, the SJNBS pays the Board a total of \$1,221,720 on a quarterly basis. The Board then pays that amount to DFC for further payment to RMB. As signatory to these agreements the Board is responsible to ensure collections from SJNBS, this responsibility remained in force until March 21, 2009 for Tranche C, and August 30, 2010 for Tranche D. Under a default scenario the Board is responsible to effect payment to DFC.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

17. COMMITMENTS AND CONTINGENCIES (Continued)

Other Securitization

In January 2000, the Board entered into an agreement for the Assignment of Mortgages. The agreement is between the Board, the SJNBS, and the Provident Bank and Trust of Belize Limited (PBT). The amount of mortgages assigned is \$1,778,706 and originated from the SJNBS. Under this agreement, the Board is a facilitator of the process. Payments originate from SJNBS to the Board for further payment to PBT. In a default scenario by SJNBS, the Board is not responsible for payment.

North American Securitization

On April 1, 2002, the Board participated in an issue of Mortgage Loan Collateralized Bonds. Under this agreement, the Board sold a total of \$16,358,586 worth of its mortgages to the DFC. The Board also facilitated the sale of SJNBS mortgages amounting to \$17,500,000 to the DFC. The DFC sold those mortgages to the Belize Mortgage Company 2002-1 (BMC). The BMC issued mortgage Collateralized Bonds to investors in the North American Market. The bonds are collateralized by and payable from the assets of BMC, which include loans secured by mortgage on real property originated by the DFC (including the mortgages bought from the Board and facilitated mortgages from SJNBS). The Board continues to service the mortgages sold to DFC and is responsible for making monthly and quarterly payments on behalf of the Board's mortgages. The Board forwards payments received from SJNBS for facilitated SJNBS's mortgages to DFC. Under a default scenario, the Board is responsible to effect payment to DFC.

Under the issuance of the collateralized Bonds, a pre-funding account, trustee reserve fund, insurance premium reserve fund account, debt service reserve fund account, and a liquidity reserve fund account were established. The Board participates in the reserves for a total of 12.5%. The DFC has signed a promissory note in favor of the Board that at the end of ten years the residual value of the mortgages it sold to DFC and the remainder of the reserve fund will revert to the Board.

By letter dated February 6, 2006, GOB released and discharged the Board from all claims and liabilities which may be made against the Board in relation to mortgages assigned to the Board by SJNBS and which was subsequently securitized with RMB (Tranche C & D) and BMC (North American Securitization).

ii. Claims

The Government of Belize gave notice of its acquisition of Belize Telemedia Limited (BTL) by order of the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Amendment Order, 2009, Statutory Instrument No. 130 of 2009. Subsequently, in a notice dated 07 December 2009, and Gazetted on 12 December 2009, the Government required all those who may have claims to compensation to submit their claims to the



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

17. COMMITMENTS AND CONTINGENCIES (Continued)

Financial Secretary. The Notice of Acquisition specifically included the shares of BTL held by Sunshine Holdings, as well as the outstanding shares of Sunshine Holdings itself.

As a consequence of the acquisition of Sunshine Holdings, and by letter dated 13 October 2009, the Social Security Board filed a claim with the Financial Secretary, Ministry of Finance, indicating that “Pursuant to Belize Gazette Notice 529, dated 27 August 2009, the Social Security Board (SSB) hereby makes a claim for payment of the sums evidence as to SSB by a Loan Note between Sunshine Holdings Ltd and SSB dated 19 September 2005.”

The Company has defaulted on interest payments on a new principal sum of \$14.1 million the first interest payment date being October 31, 2010.

Subsequent Event

Default Judgment Claim No. 341 of 2011 was granted to SSB for the sum of \$15 million inclusive of costs together with continuing interest at a rate of 8.5 percent per annum.

iii. Litigations

Pending proceedings before the Court of Appeal

Civil Appeal No. 39 of 2010 Social Security Board vs. Ida Herrera

This is a case for breach of contract. SSB terminated the services for Ida Herrera as an independent contractor providing cleaning services after SSB became dissatisfied with the quality of services. The independent contractor filed a claim dated April 6, 2010 claiming damages for wrongful termination, which was appealed by SSB. SSB also filed an application for summary judgment, or alternatively for an order to strike out the claim as an abuse of process. The application for summary judgment was dismissed, and SSB’s appeal of the dismissal was heard on June 10, 2011. The decision of the Court of Appeal is pending.

Pending proceedings before the Supreme Court

Supreme Court Claim No. 445 of 2010 Social Security Board vs. Small Farmers Bank

This is a claim for breach of contract. By written agreement dated October 18, 2007 the SSB extended a credit facility of \$1,000,000.00 to Small Farmers Bank. The facility is secured by a government guarantee. Small Farmers Bank defaulted in repayment and the SSB commenced a claim on June 14, 2010 for the sum of \$1,212,305.48 including interest and costs.

This matter was set for Trial on May 26, 2011, but Small Farmers Bank requested an adjournment and the trial is adjourned to June 29, 2011. Claim was settled as at January 13, 2012, for \$1,167,485.49. SSB was to proceed to deduct or withhold said sum from the monies due and payable by it to the Government under the mortgage securitization program.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

17. COMMITMENTS AND CONTINGENCIES (Continued)

Supreme Court Claim No. 341 of 2001 Social Security Board vs. Sunshine Holdings Ltd

This is a claim for breach of contract. By a written loan note dated September 19, 2005 the SSB extended an unsecured credit facility of \$14,000,000.00 to Sunshine Holdings Ltd. Sunshine Holdings Ltd. has defaulted on the loan note by failing to pay interest as agreed and the SSB commenced a claim dated May 30, 2011 for the full loan balance plus interest and costs of \$15, 221,766.27 (which it is entitled to do under the terms of the loan note). The SSB obtained judgment on admission dated June 9, 2011 and is proceeding to enforce the judgment.

Supreme Court Claim No. 771 of 2009 Amanda Mazareigos vs. Social Security Board

The claimant filed a claim against SSB for permission to appeal a decision of the Appeal Tribunal dated July 7, 2009 to assess permanent partial disability at 7%, which was granted. The claimant is seeking an increase in the assessment to enable her to qualify for a pension. Following a series of hearings and negotiations between the parties, it was agreed by consent that the Claimant will be reassessed, and an award will be made based on the results of the reassessment. The claim will be at an end once it is ensured that the terms of the settlement are complied with. The SSB has complied with terms of settlement in part and is working to finalize this matter.

Supreme Court Claim No. 671 of 2010 Social Security Board vs. Dawn West

SSB appealed to the Supreme Court to challenge a decision made by the Appeals Tribunal to award Dawn West a death benefit instead of the survivor's benefit that was originally awarded by the Manager handling Ms. West's claim submitted after the death of her husband. Leave was granted and the Supreme Court recently determined that the matter is to be sent back to the SSB Tribunal for rehearing as the issue of causation was not sufficiently proven or adequately addressed.

Threatened Litigation against Belize Odyssey Limited

The SSB gave a loan to Belize Odyssey Limited in the amount of \$1,500,000, which was secured on property owned by Belize Odyssey Limited. SSB has approached the court to have the mortgage document executed to be registered at the Companies Registry, to enable it to appoint a receiver over the property and business of the Company.

Application for registration of particulars of mortgage or charge was filed October 26, 2011. Mr. Emerson Burke, Appraiser, was assigned to be the Receiver.

Magistrate Court proceedings

Social Security Board vs. Support Services of Belize Limited

This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of \$23,649.80. SSB obtained full judgment in the full amount and this matter is in the collection/enforcement stage.



SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

17. COMMITMENTS AND CONTINGENCIES (Continued)

Social Security Board vs. Bel Cruise Limited

This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of \$26,827.20, and obtained judgment in the full amount. This matter is in the collection/enforcement stage.

Social Security Board vs. Arlo Bodden

This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of \$20,304.80. The matter was heard on February 17, 2011, and it was ordered that judgment of \$20,304.80 was to be paid in monthly installments of \$4,000. The Defendant has appealed the matter. Counsel is currently seeking to have it brought up for hearing.

Social Security Board vs. HL's Limited

This is a claim for failure to pay Social Security contributions. SSB claimed the sum of \$22,154.63. Judgment was granted, and HL's Limited was ordered to pay the sum owed in thirty (30) days and in default distress. HL's Limited has filed for bankruptcy and SSB is making representations in these proceedings to enforce the judgment debt. This matter is continuing.

Social Security Board vs. National Transport Services Limited

This is a claim for failure to pay Social Security contributions. The SSB obtained judgment in the amounts of \$47,834.20, \$12,938.00 and \$19,153.60 respectively. Negotiation efforts are being made with the Receiver to have the judgment debt paid off in full.

Social Security Board vs. Sanitation Enterprises Ltd and Rupert Marin

This is a claim for failure to pay Social Security contributions. SSB claimed the amount of \$293,644.48. The Defendant has appealed the judgment order obtained by SSB on May 28, 2008, but no date has been set for the hearing of the appeal. Collection efforts including distress are being made.

Social Security Board vs. Richard Hoare

This is a claim for failure to pay Social Security contributions. The SSB claims the amount of \$8,673.60. The Defendant is deceased. The matter is to proceed to court for collections, but inquiries have been made of the estate (through its Attorneys) for payment in full.

Social Security Board vs. Southern Transport Limited

This is a claim for failure to pay Social Security contributions. SSB is claiming the sum of \$7,529.67. Proceedings have commenced in the Magistrates Court in Dangriga and a trial date is to be set.

Social Security Board vs. Belize National LPG Limited

This is a claim for failure to pay Social Security contributions. SSB is claiming \$49,570.78. The matter has been adjourned without a further date. A new Court date is being sought



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Private

To the Board of Directors of
SOCIAL SECURITY BOARD:

SUPPLEMENTARY AUDIT REPORT

Our report on the examinations of the financial statement of the Social Security Board as of December 31, 2011 appears on pages 1 and 2. These examinations were made primarily for the purpose of expressing an opinion on the financial statements taken as whole. The supplementary information accompanying the financial statements is not necessary for fair presentation of the financial statements of the financial position or results of operations in accordance with International Financial Reporting Standards. The supplementary information is presented in accordance with Sections 13 and 21 of S.I. No. 86 of 1980, Social Security (Financial and Accounting) Regulations, 1980. The supplementary information has been subjected to the auditing procedures applied in the examinations of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Chartered Accountants
May 8, 2012

Independent Correspondent Firm to Deloitte Touche Tohmatsu

FINANCIAL STATEMENTS 2011



SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – SHORT TERM BENEFITS BRANCH YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
INCOME		
Contributions:		
Employers and employed persons	<u>\$11,725,892</u>	<u>\$11,613,347</u>
Total contributions	11,725,892	11,613,347
Other income:		
Net investment income	361,983	732,847
Others	<u>292,000</u>	<u>264,924</u>
Total other income	653,983	997,771
TOTAL INCOME	<u>\$12,379,875</u>	<u>\$12,611,118</u>
EXPENDITURES		
Benefits:		
Maternity	\$ 3,334,729	\$ 3,067,662
Sickness	6,628,474	6,355,837
Maternity grants	<u>1,012,026</u>	<u>1,004,407</u>
Total benefits	10,975,229	10,427,906
Operating expenses:		
Administration	3,899,866	3,877,958
Establishment	377,022	402,175
Financial	<u>48,027</u>	<u>42,331</u>
Total operating expenses	4,324,915	4,322,464
TOTAL EXPENDITURE	<u>15,300,144</u>	<u>14,750,370</u>
EXCESS OF EXPENDITURES OVER INCOME	<u>\$(2,920,269)</u>	<u>\$(2,139,252)</u>



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – SHORT TERM BENEFITS BRANCH YEARS

ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
INCOME		
Contributions:		
Employers and employed persons	<u>\$34,263,970</u>	<u>\$33,935,105</u>
Total contributions	34,263,970	33,935,105
Other income:		
Net investment income	12,352,719	19,030,933
Others	<u>292,000</u>	<u>264,924</u>
Total other income	12,644,719	19,295,857
TOTAL INCOME	<u>\$46,908,689</u>	<u>\$53,230,961</u>
EXPENDITURES		
Benefits:		
Retirement	\$16,712,401	\$14,754,284
Invalidity	2,580,512	2,310,395
Survivors	4,283,823	4,146,633
Funeral	915,325	1,019,946
Non-contributory pension	<u>4,145,900</u>	<u>4,201,325</u>
Total benefits	28,637,961	26,432,583
Operating expenses:		
Administration	10,806,032	10,621,146
Establishment	377,023	402,175
Financial	<u>48,028</u>	<u>42,331</u>
Total operating expenses	11,231,083	11,065,652
TOTAL EXPENDITURES	<u>39,869,044</u>	<u>37,498,235</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 7,039,645</u>	<u>\$15,732,726</u>

FINANCIAL STATEMENTS 2011



SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES – SHORT TERM BENEFITS BRANCH YEARS

ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	2011	2010
INCOME		
Contributions:		
Employers and employed persons	<u>\$14,923,862</u>	<u>\$14,780,623</u>
Total contributions	14,923,862	14,780,623
Other income:		
Net investment income	2,830,996	3,924,504
Others	<u>291,999</u>	<u>264,924</u>
Total other income	3,122,995	4,189,428
TOTAL INCOME	<u>\$18,046,857</u>	<u>\$18,970,051</u>
EXPENDITURES		
Benefits:		
Disablement grants	\$ 527,155	\$ 395,680
APV disablement benefits	858,843	580,700
APV death benefits	475,953	389,959
Employment injury	2,194,922	2,656,935
Funeral grants	<u>4,500</u>	<u>1,000</u>
Total benefits	4,061,373	4,024,274
Operating expenses:		
Administration	3,261,505	3,308,552
Establishment	377,023	402,177
Financial	<u>48,028</u>	<u>42,331</u>
Total operating expenses	3,686,556	3,753,060
TOTAL EXPENDITURES	<u>7,747,929</u>	<u>7,777,334</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$10,298,928</u>	<u>\$11,192,717</u>



FINANCIAL STATEMENTS 2011

**SOCIAL SECURITY BOARD
STATEMENTS OF INCOME AND EXPENDITURES –
DISABLEMENT AND DEATH BENEFITS RESERVES
YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)**

	<u>2011</u>	<u>2010</u>
INCOME		
Contributions:		
APV disablement benefits	\$ 858,843	\$ 580,700
APV death benefits	<u>475,953</u>	<u>389,959</u>
Total contributions	1,334,796	970,659
Net investment income	<u>680,101</u>	<u>1,096,154</u>
TOTAL INCOME	<u>\$2,014,897</u>	<u>\$2,066,813</u>
EXPENDITURES		
Benefits:		
Disablement pension	\$1,194,679	\$1,294,669
Death benefits	<u>621,247</u>	<u>640,083</u>
TOTAL EXPENDITURES	<u>1,815,926</u>	<u>1,934,752</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 198,971</u>	<u>\$ 132,061</u>



**SOCIAL SECURITY BOARD
STATEMENTS OF INCOME AND EXPENDITURES –
NATIONAL HEALTH INSURANCE FUND
YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)**

	2011	2010
INCOME		
Contributions:		
Social Security Board,		
Employment Injury Benefits Branch	\$ -	\$ -
Government of Belize	<u>14,000,004</u>	<u>14,245,864</u>
Total contributions	<u>14,000,004</u>	<u>14,245,864</u>
EXPENDITURES		
Benefits:		
National health insurance benefits	<u>\$13,426,568</u>	<u>\$13,355,728</u>
Total benefits	13,426,568	13,355,728
Operating expenses:		
Administration	<u>879,850</u>	<u>792,005</u>
Total operating expenses	879,850	792,005
TOTAL EXPENDITURES	<u>14,306,418</u>	<u>14,147,733</u>
EXCESS OF (EXPENDITURES OVER INCOME) INCOME OVER EXPENDITURES	<u>\$ (306,414)</u>	<u>\$ 98,131</u>



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD INVESTMENTS LISTINGS

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

SHORT TERM INVESTMENTS	<u>2011</u>	<u>2012</u>
TERM DEPOSITS		
Heritage Bank Limited		
7% Maturing January 4, 2012	\$ 3,845,136	\$ -
7% Maturing January 28, 2012	1,000,000	-
5.5% Maturing February 1, 2012	2,609,589	-
5.5% Maturing February 10, 2012	1,368,154	-
7% Maturing March 4, 2012	1,765,800	-
7% Maturing March 12, 2012	1,925,976	-
5.5% Maturing March 18, 2012	1,551,781	-
3.5% Maturing March 26, 2012	2,270,220	-
7% Maturing March 29, 2012	1,983,044	-
7% Maturing March 29, 2012	3,445,416	-
7% Maturing April 12, 2012	1,133,733	-
7% Maturing April 12, 2012	1,433,867	-
6.5% Maturing May 31, 2012	3,037,449	-
6.5% Maturing June 11, 2012	2,245,425	-
6.5% Maturing June 19, 2012	2,356,020	-
5.5% Maturing November 14, 2012	1,730,088	-
3.5% Maturing December 16, 2012	4,253,453	-
7.5% maturing December 17, 2011	-	3,956,700
7.0% maturing December 26, 2011	-	2,121,701
8.5% maturing January 4, 2011	-	3,543,905
8.0% maturing January 28, 2011	-	1,000,000
8.0% maturing March 5, 2011	-	1,635,000
8.0% maturing March 13, 2011	-	1,783,312
8.0% maturing March 30, 2011	-	1,836,152
8.0% maturing March 30, 2011	-	3,190,200
8.0% maturing April 13, 2011	-	1,049,752
8.0% maturing April 13, 2011	-	1,327,655
7.5% maturing May 14, 2011	-	1,609,384
7.5% maturing May 20, 2011	-	2,180,000
7.5% maturing June 12, 2011	-	2,088,767
8.0% maturing August 5, 2011	-	2,416,287
8.0% maturing August 14, 2011	-	1,266,809
7.0% maturing June 2, 2011	-	2,936,094
Scotiabank (Belize) Ltd.		
5.5% Maturing January 10, 2012	1,406,213	-



TERM DEPOSITS (CONTINUED)

5.5% Maturing January 30, 2012	1,769,850	-
5.5% Maturing March 15, 2012	1,214,064	-
7.5% maturing January 7, 2011	-	1,304,299
8.0% maturing January 28, 2011	-	1,638,750
First Caribbean International Bank		
6.0% maturing November 5, 2011	\$ -	\$ 3,184,345
6.0% maturing November 8, 2011	-	3,127,928
5.5% maturing December 12, 2011	-	1,555,487
Belize Bank Limited		
8% Maturing January 16, 2012	1,500,000	-
8% Maturing January 19, 2012	1,500,000	-
8% Maturing March 1, 2012	2,158,866	-
7% Maturing March 9, 2012	2,199,045	-
5.5% Maturing March 12, 2012	2,583,218	-
7% Maturing March 15, 2012	2,500,000	-
7% Maturing March 15, 2012	1,000,000	-
7% Maturing March 20, 2012	1,087,979	-
7% Maturing March 23, 2012	1,381,872	-
7% Maturing March 29, 2012	1,778,063	-
7% Maturing June 11, 2012	4,339,419	-
6% Maturing June 20, 2012	2,277,294	-
5.75% Maturing July 24, 2012	2,170,932	-
7.5% Maturing August 14, 2012	5,000,000	-
9.0% Maturing February 8, 2011	-	3,400,591
9.0% Maturing February 8, 2011	-	3,031,718
7.9% Maturing February 28, 2011	-	2,000,000
9.0% Maturing March 10, 2011	-	2,017,473
9.0% Maturing March 16, 2011	-	6,618,408
8.75% Maturing March 21, 2011	-	1,000,000
8.75% Maturing March 24, 2011	-	2,649,997
8.75% Maturing March 30, 2011	-	1,635,000
9.0% Maturing May 11, 2011	-	3,981,118
9.0% Maturing May 11, 2011	-	3,981,118
9.0% Maturing June 21, 2011	-	2,089,260
8.5% Maturing July 25, 2011	-	2,000,000
7.5% Maturing August 15, 2011	-	5,000,000
Atlantic Bank Limited		
7.25% Maturing February 18, 2012	2,402,918	-
7.25% Maturing February 24, 2012	3,277,749	-
7.25% Maturing February 25, 2012	1,372,926	-
6.00% Maturing March 22, 2012	2,504,171	-
7.25% Maturing March 26, 2012	4,452,392	-



FINANCIAL STATEMENTS 2011

TERM DEPOSITS (CONTINUED)		
	2011	2010
Atlantic Bank Limited		
7.25% Maturing March 26, 2012	\$ 4,807,710	\$ -
7.25% Maturing April 8, 2012	1,628,723	-
7.25% Maturing April 22, 2012	5,000,000	-
7.25% Maturing April 29, 2012	2,194,513	-
7.25% Maturing December 11, 2012	518,624	-
7.25% Maturing December 24, 2012	1,180,700	-
8.25% Maturing December 11, 2011	-	518,624
8.25% Maturing February 18, 2011	-	2,139,552
8.25% Maturing June 24, 2011	-	1,090,716
8.25% Maturing August 24, 2011	-	3,027,944
8.25% Maturing August 25, 2011	-	1,268,292
8.25% Maturing September 23, 2011	-	2,504,171
8.25% Maturing September 24, 2011	-	4,452,392
8.25% Maturing September 25, 2011	-	4,441,303
8.25% Maturing October 13, 2011	-	1,628,723
8.25% Maturing October 24, 2011	-	5,000,000
8.25% Maturing October 30, 2011	-	2,194,512
Small Farmers Business Bank Limited		
7.5% maturing November 12, 2009	-	940,585
7.5% maturing April 18, 2009	-	-
Less: provision	-	<u>(188,000)</u>
	-	<u>752,585</u>
St. John's Credit Union Ltd.		
7.5% Maturing April 22, 2012	2,500,000	-
4.5% Maturing December 02, 2012	1,065,000	-
7.0% Maturing December 17, 2012	1,000,000	-
6.5% Maturing December 2 2011	-	<u>1,000,000</u>
TOTAL TERM DEPOSITS	107,732,392	114,176,024
Citrus Growers Association Crop loan @ 10% interest	7,613,056	7,676,785
TREASURY NOTES		
Government of Belize		
7.5% Maturing January 31, 2012	9,500,000	-
7% Maturing December 10, 2013	1,000,000	-
7% Maturing December 10, 2011	-	1,000,000
9% maturing July 31, 2011	-	1,500,000
9.0% maturing July 31, 2011	-	5,000,000
9.0% maturing July 31, 2011	-	<u>3,000,000</u>
	10,500,000	10,500,000
Total short term investments	\$125,840,448	\$132,352,809

FINANCIAL STATEMENTS 2011



SOCIAL SECURITY BOARD
 INVESTMENTS LISTINGS CONTINUED
 YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	2010
INVESTMENT IN ASSOCIATES		
Belize Electricity Limited		
18,580,028 ordinary shares, BZ\$ 2 par value	\$ 68,358,667	\$ 67,852,033
Belize Telemedia Limited		
10,000,000 ordinary shares, BZ\$ 1 par value	<u>60,317,119</u>	<u>54,591,928</u>
	128,675,786	122,443,961
DEBENTURES		
Belize Electricity Limited		
12% debentures maturing December 31, 2012	500,000	500,000
10% debentures maturing July 31, 2022	200,000	200,000
	700,000	700,000
SHARES		
Belize Water Services Limited		
4,000,000 shares, BZ\$1.50 par value	6,000,000	6,000,000
Atlantic Bank Limited		
184 shares, BZ\$100 par value	18,400	18,400
1,014 shares, BZ\$100 par value	152,490	152,490
	6,170,890	6,170,890
TERM DEPOSITS		
Atlantic Bank Limited		
7.25% Maturing November 1, 2014	1,500,000	\$ -
7.25% Maturing November 1, 2014	1,500,000	-
7% Maturing November 8, 2014	3,345,505	-
7% Maturing November 8, 2014	3,345,505	-
	9,691,010	-
St. John's Credit Union Ltd.		
7.5% maturing April 22, 2012	-	2,500,000
7.0% maturing December 17, 2012	-	1,000,000
	-	3,500,000
PRIVATE SECTOR LOANS		
Development Finance Corporation		
5 years loan @7% interest	1,027,675	1,009,262
Belize Odyssey Limited		
12 years loan @ 12% interest	1,872,086	1,749,478
Sunshine Holdings Limited		
15 years loan @ 8.5% interest	14,133,562	14,133,562



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD
INVESTMENTS LISTINGS CONTINUED
YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

PRIVATE SECTOR LOANS (CONTINUED)	<u>2011</u>	<u>2010</u>
Belize Water Services Limited 17 years loan @ 8.5% interest	\$ 20,533,336	\$ 22,000,000
Belize Elementary School 15 years loan @ 8.5% interest	243,533	292,519
Urbina Brothers 5 ½ years loan @ 12% interest	29,428	29,428
Banana Growers Association 8 years loan @ 9% interest	5,044,121	5,889,708
Citrus Growers Association 15 years loan @ 8.5% interest	1,612,613	1,612,613
Border Management Agency 10 years loan @ 8.5% interest	4,239,048	4,238,098
Belize Cane Farmers Association 4 years loan @ 10% interest	748,030	950,176
4 years loan @ 10% interest	238,281	672,968
Atlantic Bank Limited 3 years loan @ 8.5% interest	-	200,679
Marie Sharp Fine Foods 10 year loan @ 8.5% interest	3,434,873	-
Royal Mayan Shrimp Farm 8 years loan @ 8.5% interest	<u>3,850,000</u>	<u>-</u>
	<u>57,006,586</u>	52,778,491
Less: Provision for loss on investments	<u>(1,028,000)</u>	(1,028,000)
	<u>55,978,586</u>	<u>51,750,491</u>
MORTGAGES AND HOUSING		
Fresh Pond Mortgages 20 years loans @ 8% to 8.5% interest	546,460	739,898
Housing/RECONDEV Mortgages 10 to 20 years mortgages @ 8% to 12% interest	11,978,782	12,932,292
RECONDEV 30 years loan @ 8% interest	527,909	554,480



SOCIAL SECURITY BOARD
 INVESTMENTS LISTINGS CONTINUED
 YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
MORTGAGES AND HOUSING (CONTINUED)		
Civil Service Credit Union Limited		
20 years loan @ 9% interest	\$145,360	\$182,653
15 years loan @ 8.5% interest	1,172,266	1,225,777
St. Martin's Credit Union		
10 years loan @ 8.5% interest	375,407	491,916
20 years loan @ 9% interest	172,251	209,110
12 years loan @ 8.5% interest	943	131,529
Belize National Teachers Union		
20 years loans @ 10% interest	199,011	213,888
BNBS Assigned Mortgages		
20 years loans @ 10 – 12% interest	2,536,318	2,536,318
Housing Mortgages – BNBS:		
District and Secondary, 10 – 20 years loans @ 12% interest	1,910,121	2,280,421
Vista Del Mar Project:		
Secondary mortgages, 20 years @ 12%	665,097	727,982
Police housing loans, 20 years @ 12%	80,122	83,242
Belize Defense Force loans, 20 years @ 12%	171,277	198,031
Teachers' general loans, 20 years @ 12%	22,546	45,208
P.S.U. Housing Scheme		
Middle income, 20 years loans @ 12%	1,324,622	1,586,065
Housing, 20 years loans @ 12%	252,444	308,549
St. James National Building Society Ltd.		
Assigned mortgages, 5 – 20 years loan @ 10 – 12% interest	1,026,187	1,196,118
Staff housing and other mortgage loans		
10 – 20 years @ 8% interest	4,174,956	3,939,798
Previous staff housing loans		
10 – 20 years @ 8% interest	<u>1,108,189</u>	<u>1,103,993</u>
28,390,268 30,687,269		
Less: provisions for loss on investment	<u>(12,759,725)</u>	<u>(4,715,000)</u>
	<u>15,630,543</u>	<u>25,972,269</u>



FINANCIAL STATEMENTS 2011

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS CONTINUED

YEARS ENDED DECEMBER 31, 2011 AND 2010 (IN BELIZE DOLLARS)

	<u>2011</u>	<u>2010</u>
REAL ESTATE		
Vista Del Mar Housing Project Remaining lots acquired from Vista Del Mar Development Company Ltd.	\$539,000	\$590,000
Homeland Development Limited 1,198 plots of land	1,183,200	1,196,800
Rocky Point, Toledo District 8.993 acres land	175,015	175,015
San Pedro, Ambergris Caye 3,491 acres land	10,636,234 12,533,449	10,636,234 12,598,049
OTHER LOANS		
Government of Belize 9 years loan @ 7.5% interest	<u>3,127,092</u> <u>3,127,092</u>	<u>3,969,934</u> <u>3,969,934</u>
TOTAL INVESTMENTS	<u>\$358,346,878</u>	<u>\$359,458,403</u>



SOCIAL SECURITY BOARD

STATISTICAL ABSTRACT 2011



LIST OF ACRONYMS

APV	Actuarial Present Value
BZ	Belize
BZ\$	Belize Dollars
CMS	Contribution Management System
CPI	Consumer Price Index
EI	Employment Injury
GOB	Government of Belize
ILO	International Labour Organization
ISIC	International Standard Industrial Classifications of all Economic Activities
MOH	Ministry of Health
N/A	Not Available or Not Applicable
NC	Natural Causes
NCP	Non-contributory Pension
NCPs	Non-contributory Pensioners
NHI	National Health Insurance
PCP	Primary Care Provider
p	Provisional
r	Revised
SIB	Statistical Institute of Belize
SSB	Social Security Board

Notes:

- Exchange rate: US\$1.00 equals BZ\$2.00.
- \$ refers to the Belize dollar unless otherwise stated
- 2011 figures are provisional and 2010 have been revised
- Totals in the tables are not always equal to the sum of its components due to rounding off.



GLOSSARY OF TERMS

TERM DEFINITION	
Active Business	A business that has made at least one weekly contribution during the year.
Active Employer	An employer who has made at least one weekly contribution during the year.
Active Self Employed	A self employed person who has made at least one weekly contribution to the SSB during the year.
Active Insured Person	A person who has made at least one weekly contribution to the SSB during the year.
Appeal	A request from an insured person being aggrieved or unsatisfied with a decision made by the SSB regarding a benefit claimed.
Appeal Tribunal	Is a body that hears appeals. The Appeal Tribunal is comprised of an Attorney as Chairman, a representative of employers and a representative of employees.
Beneficiary	A person entitled to a benefit or a person who is in receipt of a benefit.
Benefit	A benefit which is payable under the Social Security Act after insured persons have met all the requirements.
Benefit Regulations	The Social Security (Benefit) Regulations, 1980. These are the rules that say how much an insured person can receive/be paid.
Board	The Social Security Board established under section 28 of the Social Security Act.
Contributions	A contribution payable under the Social Security Act. The money that employers and persons in insurable employment pay into the Social Security Fund.
Death Benefit	Refers to periodical payments in respect of an injured person who dies as a result of work-related injury or disease. This benefit is paid to the survivors of the deceased insured person (i.e. widow, widower, children or parents).
Disablement Benefit	Refers to periodical payments or a lump sum grant to an insured person who as a result of such injury or disease sustains loss of faculty.



TERM DEFINITION	
Earnings	Refer to how much money a person in insurable employment makes or the total compensation that an employee receives in exchange for the service they perform for their employer including overtime payments, acting allowances and responsibility allowances.
Employed Person	A person employed in insurable employment as defined by Section 3 (Social Security Act).
Employment Injury (EI)	An Injury arising out of and in the course of insurable employment.
EI Benefit Branch	Is the benefit branch from which benefits are paid to an insured person who gets injured in an accident at work. Benefits that are payable from the EI Benefit Branch are: Injury, Disablement Grant, Disablement Pension, Death Benefit, Medical Care, and Funeral Grant due to EI.
Fund	Is the Social Security Fund established under Section 46 of the Social Security Act: contributions are paid into the fund; benefits and administrative costs are paid out of the fund. The excess is invested.
Funeral Grant	A benefit payment made to the person bearing funeral expenses in respect of an insured person who dies as a result of natural causes of work-related injury or disease on the death of a spouse or dependent child.
Industry	An organized economic activity or a branch of a commercial enterprise concerned with the output of a specified product or service. The categories of industries utilized by the SSB are aggregated by the International Standard Industrial Classification of all Economic Activities Revision 3.1 (ISIC Rev. 3.1).
Inflation	Is an increase in the overall price level of goods and services in a country.
Inflation Rate	Is the percentage change in the price level from the previous period.
Insurable Employment	Refers to any employment specified in Part 1 of the First Schedule. Insurable employment means a regular job working not less than 8 hours a week for another person.
Insured Person	A person who is registered with Social Security and has insurable employment.



TERM DEFINITION	
Invalidity Benefit	Are periodical payments or a lump sum payment to an insured person who is rendered permanently incapable of work otherwise than as a result of employment injury.
Investment	The laying out of money or capital with the expectation of a profit.
Investment Income	Is the income received in a particular year from investment loans, securities and other investments.
Labour Force	Refers to all persons aged 14 years and older who were engaged in any form of economic activity, for at least one hour, during the reference week, or who were willing and able to be engaged in producing goods and services.
Long Term Benefit Branch	Is the benefit branch or category where benefits are payable for: Retirement Pension, Retirement Grant, Invalidity Pension, Invalidity Grant, Survivors' Pension, Survivors' Grant and Funeral Grant due to natural causes.
Maternity Benefit	Are periodical payments made to an insured woman in the event of her pregnancy or confinement. A grant is also payable to an insured woman or an eligible man in respect of his wife's confinement.
Medical Board	Refers respectively to a board or a medical practitioner appointed to review cases and informs Social Security whether or not the insured person is invalid (because of sickness), or disabled (because of employment injury).
Medical Certificate	A certificate issued by a registered medical practitioner.
Medical Practitioner	A person registered under the Medical Practitioners Registration Act and includes any Government Medical Officer.
Nominal Rate	Is defined as the amount of income received that is unadjusted for inflation.
Non-contributory Pension	Is a pension that is awarded to non-insured persons as a social assistance program by the Government of Belize to help alleviate poverty for women 65 years or older and men 67 years and older.



TERM DEFINITION	
Primary Care Providers	Is an individual or an institution that provides preventive and curative health care services in a systematic way to individuals, families or communities.
Prescribed	These are the requirements designated by Social Security regulation for providing services and benefits.
Real Rate	Is the return on investments that is adjusted for inflation.
Regulations	Refers to regulations made by the Minister of Finance under the Social Security Act.
Retirement Benefit	Are periodical payments or a lump sum payment to an eligible insured person who has attained the age of sixty.
Self Employed Person	A person gainfully occupied in Belize who is not a person employed under an employer.
Short Term Benefit Branch	Is the benefit branch or category comprised of Sickness Benefit, Maternity Allowance and Maternity Grant.
Sickness Benefit	Refers to periodical payments or a lump sum payment to an insured person who is temporarily incapable of work otherwise than as a result of employment injury.
Survivors' Benefit	Refers to periodical payments or a lump sum payment on behalf of an insured person who dies, otherwise than in consequence of an employment injury. This is the money paid to the eligible dependents of a deceased insured person (i.e. spouses, dependents' children or parents dependent on the insured person).
Tribunal	Is any person or institution with the authority to judge, adjudicate on, or determine claims or disputes.
Voluntary Insured Person	An insured person whose insurance under the Social Security Act is continued voluntarily. If an insured person stops working or becomes self-employed, that person can choose to keep on making contributions.



**Table 1: Key Indicators for Selected Years,
2007 - 2011**

Key Indicators	2007	2008	2009	2010 ^r	2011 ^p	2010 - 2011 Change	
						Quantity	Percentage
Registration							
Population of Belize	311,480	322,100	333,200	310,896	N/A	N/A	N/A
Population with a Valid SSB Card	206,973	210,122	235,395	242,622	262,318	19,696	8.1
Percentage of SSB Card Holders in the Population	66.4%	65.2%	70.6%	78.0%	N/A	N/A	N/A
Newly Registered Population	15,032	16,432	12,479	12,798	13,873	1,075	8.4
Newly Registered Employers	1,729	1,538	1,678	1,533	1,336	(197)	(12.9)
Newly Registered Businesses	2,172	1,947	1,973	1,779	1,527	(252)	(14.2)
Newly Registered Self Employed	574	507	517	438	253	(185)	(42.2)
Contributions							
Contributions (BZ\$)	\$52,793,870	\$57,582,065	\$59,886,197	\$60,329,075	\$60,913,724	\$584,649	1.0
GOB Contributions to the NHI Fund (BZ\$)	\$5,046,405	\$4,885,260	\$12,754,140	\$14,245,864	\$14,000,004	(\$245,860)	(1.7)
Total Contributions	\$57,840,275	\$62,467,325	\$72,640,337	\$74,574,939	\$74,913,728	\$338,789	0.5
Active Insured Persons	80,381	87,253	86,981	87,767	86,550	(1,217)	(1.4)
New Active Insured Persons	30,784	32,125	28,560	29,470	27,615	(1,855)	(6.3)
Percentage of Employed Persons Actively Insured	71.9%	76.2%	68.9%	*N/A	N/A	N/A	N/A
Active Employers	8,278	9,917	10,044	10,066	9,665	(401)	(4.0)
Active Businesses	8,757	10,605	10,764	10,792	10,365	(427)	(4.0)
Active Self Employed	960	930	972	934	948	14	1.5
Benefits							
Benefit Payment Less NHI (BZ\$)	\$32,748,122	\$41,233,299	\$42,240,695	\$42,819,515	\$45,490,489	\$2,670,974	6.2
Benefit Payments for NHI (BZ\$)	\$8,624,409	\$9,386,111	\$11,085,853	\$13,355,728	\$13,426,568	\$70,840	0.5
Total Benefit Payments (BZ\$)	\$41,372,531	\$50,619,410	\$53,326,548	\$56,175,243	\$58,917,057	\$2,741,814	4.9
Benefit Payment as a % of Total Contribution	71.5%	81.0%	73.4%	75.3%	78.6%	3.3	4.4
Total Claims Processed	46,701	54,440	57,363	54,419	53,791	(628)	(1.2)
Benefit Recipients	34,392	38,758	40,023	38,422	36,271	(2,151)	(5.6)
Retired Contributory Pensioners	2,737	2,861	3,142	3,463	3,800	337	9.7
Employment Injury Cases Allowed	2,470	2,521	2,446	1,955	1,761	(194)	(9.9)
Non-contributory Pensioners	3,570	4,657	4,297	3,992	3,711	(281)	(7.0)

Continued on next page . . .



STATISTICAL ABSTRACT 2011

**Table 1: Key Indicators for Selected Years Continued,
2007 - 2011**

Key Indicators	2007	2008	2009	2010 ^r	2011 ^p	2010 - 2011 Change	
						Quantity	Percentage
Payments in Non-contributory Pensions (BZ\$)	\$2,391,547	\$4,934,460	\$4,702,520	\$4,201,325	\$4,145,900	(\$55,425)	(1.3)
Appeals	140	41	40	47	45	(2)	(4.3)
National Health Insurance							
NHI Expenditure (BZ\$)	\$9,555,514	\$10,279,681	\$11,777,497	\$14,147,733	\$14,306,418	\$158,685	1.1
Total NHI Membership	70,426	81,129	87,192	91,041	94,847	3,806	4.2
NHI Membership in Southside Belize City	42,224	42,922	44,686	46,069	47,146	1,077	2.3
NHI Membership in the Southern Region	28,202	38,207	42,506	44,972	47,701	2,729	6.1
Investments							
Total Investments as at December 31 (BZ\$)	\$271,427,249	\$284,984,237	\$310,011,399	\$359,458,403	\$358,346,878	(\$1,111,525)	(0.3)
Net Investment Income (BZ\$)	\$22,462,875	\$18,298,240	\$21,378,171	\$24,784,437	\$16,225,799	(\$8,558,638)	(34.5)
Nominal Rate of Return on Investments (%)	8.9	6.8	7.5	7.7	4.6	(3.1)	(39.9)
Real Rate of Return on Investments (%)	6.5	0.4	8.6	6.7	3.1	(2.1)	(54.3)
Other							
Total Assets (BZ\$)	\$350,383,939	\$358,945,443	\$383,302,249	\$415,793,726	\$420,246,000	\$4,452,274	1.1
Total Income (BZ\$)	\$81,818,400	\$82,355,956	\$94,652,587	\$100,154,148	\$92,015,526	(\$8,138,622)	(8.1)
Total Operating Expenses (BZ\$)	\$22,421,982	\$21,017,328	\$20,193,906	\$19,933,180	\$20,122,404	\$189,224	0.9
Administration Expenses (BZ\$)	\$21,357,942	\$19,908,941	\$19,059,984	\$18,599,661	\$18,847,253	\$247,592	1.3
Total Expenditure (BZ\$)	\$62,558,250	\$71,636,738	\$73,520,454	\$76,108,423	\$79,039,461	\$2,931,038	3.9
Excess of Income Over Expenditure (BZ\$)	\$19,260,150	\$10,719,218	\$21,132,133	\$24,045,725	\$12,976,065	(\$11,069,660)	(46.0)
Reserve at End of Year (BZ\$)	\$330,458,627	\$341,584,158	\$371,858,727	\$396,563,354	\$410,223,927	\$13,660,573	3.4
Total Expenditure to Total Income Ratio (Efficiency Ratio)	0.76	0.87	0.78	0.76	0.86	0.10	13.0
Total Expenditure to Contribution Income Ratio	1.18	1.24	1.23	1.26	1.30	0.04	2.9
Operating Expenses to Contribution Income	0.42	0.36	0.34	0.33	0.33	0.00	0.0
Operating Expenses to Total Income	0.27	0.26	0.21	0.20	0.22	0.02	9.9
Administration Expenses to Contribution Income	0.40	0.35	0.32	0.31	0.31	0.00	0.4
Customer Satisfaction Rate	78.3%	N/A	80.5%	78.8%	84.0%	5.2	6.6

Source: Social Security Board

*Labour Force data is not calculated during a census year and hence is not available for comparative purposes.



REGISTRATION

This section presents statistics on registration of all eligible persons in Belize. Indicators include the registration of the general population, businesses, employers and the self-employed. The principal source of the data is the Social Security Board's (SSB) database. Secondary sources of the data include the Statistical Institute of Belize (SIB) and the Ministry of Health (MOH).

Registration – The Social Security Act, Chapter 44 of the Laws of Belize Revised Edition 2000 – 2003, provides for the mandatory registration of all nationals, registered aliens, holders of work permits and their dependents, regardless of their age. Each person who registers with the SSB is allotted a Social Security number. Minors under the age of 14 years are given a SSB minor card not valid for employment. The eligible working age population 14 to 64 years is given a regular card valid for employment with an expiration date. Senior citizens sixty-five years and over are given a Golden Citizen card without an expiration date. The Social Security Card has become a primary source of identification within the country.

Employer and Business – The term employer is used to indicate that such entity or person is registered and has an account with the SSB for payment of contributions on behalf of employees. An employer may have more than one business. Each business is given a unique business number, which is a sub-account of the existing employer. Therefore, employers can only have one employer number but more than one business number.

Population – The figures used for the Belize population are derived from the census (that is conducted every 10 years) and mid-year estimates which are sourced from SIB. Data on live births are provided by MOH. These figures are used to compute the number of children registered within the year of birth.



STATISTICAL ABSTRACT 2011

Table 1.1
Percentage of Valid Card Holders in the Population by District,
2007 - 2011

District	Year				
	2007	2008	2009	2010	2011
Persons with Valid Cards	206,973	210,122	235,395	242,622	262,318
Corozal	19,923	20,169	23,124	24,011	26,705
Orange Walk	28,959	29,928	33,223	34,794	37,481
Belize	71,353	72,181	80,579	82,618	88,435
Cayo	41,066	41,682	47,083	48,554	53,771
Stann Creek	26,810	26,895	30,078	31,141	33,186
Punta Gorda	18,862	19,267	21,308	21,504	22,740
Population	311,480	322,100	333,200	310,896	
Corozal	36,365	36,800	37,300	40,324	
Orange Walk	47,145	48,300	49,500	45,419	
Belize	93,215	96,600	100,100	89,247	
Cayo	73,325	77,000	80,800	73,202	
Stann Creek	32,180	33,300	34,500	32,166	
Punta Gorda	29,250	30,100	31,000	30,538	
Percentage of Valid Card Holders in the Population	66.4	65.2	70.6	78.0	
Corozal	54.8	54.8	62.0	59.5	
Orange Walk	61.4	62.0	67.1	76.6	
Belize	76.5	74.7	80.5	92.6	
Cayo	56.0	54.1	58.3	66.3	
Stann Creek	83.3	80.8	87.2	96.8	
Punta Gorda	64.5	64.0	68.7	70.4	

Source: Social Security Board and Statistical Institute of Belize

Note: 2010 Population data is from Census 2010.

The 2007 - 2009 data are mid year estimates based on intercensal growth rates and the Labour Force Surveys.

2011 population data are not available.

New methodology was implemented in 2009 to calculate the number of Senior Citizens who are valid card holders (65 years and older).

Table 1.2
Valid Cards by Card Type,
2007 - 2011

Card Type	Year				
	2007	2008	2009	2010r	2011p
Total	206,973	210,122	235,395	242,622	262,318
Minor (< 14 yrs)	51,227	51,718	53,265	55,311	60,657
Adult (14 - 64 yrs)	149,946	155,832	165,228	170,731	184,729
Senior (65+ yrs)	5,800	2,572	16,902	16,580	16,932

Source: Social Security Board

Note: New methodology was implemented in 2009 to calculate the number of Senior Citizen who are valid card holders (65 years and older).



Table 1.3
Newly Registered Persons by Age Group,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	15,032	16,432	12,479	12,798	13,873
0 - 4	3,438	4,361	4,423	5,042	5,836
5 - 9	2,084	2,188	1,220	1,252	1,653
10 - 14	1,785	1,547	1,082	1,282	1,731
15 - 19	2,586	2,272	1,742	1,714	1,801
20 - 24	1,409	1,048	956	857	643
25 - 29	844	740	646	618	463
30 - 34	544	728	552	440	397
35 - 39	549	704	435	327	299
40 - 44	410	639	351	324	225
45 - 49	319	563	291	256	213
50 - 54	336	454	238	194	178
55 - 59	226	350	199	171	149
60+	502	838	344	321	285

Source: Social Security Board

Table 1.4
Percentage of Newly Registered Persons in the Population by District,
2007 - 2011

District	Year				
	2007	2008	2009	2010r	2011p
Newly Registered	15,032	16,432	12,479	12,798	13,873
Corozal	1,100	1,817	1,187	1,342	1,518
Orange Walk	1,684	3,113	1,676	2,198	1,867
Belize	4,246	4,187	3,616	3,487	3,787
Cayo	3,231	4,004	2,673	2,737	3,239
Stann Creek	3,152	2,160	2,278	2,280	2,465
Toledo	1,619	1,151	1,049	754	997
Population	311,480	322,100	333,200	310,896	
Corozal	36,365	36,800	37,300	40,324	
Orange Walk	47,145	48,300	49,500	45,419	
Belize	93,215	96,600	100,100	89,247	
Cayo	73,325	77,000	80,800	73,202	
Stann Creek	32,180	33,300	34,500	32,166	
Toledo	29,250	30,100	31,000	30,538	
Percentage of Newly Registered	4.8	5.1	3.7	4.1	
Corozal	3.0	4.9	3.2	3.3	
Orange Walk	3.6	6.4	3.4	4.8	
Belize	4.6	4.3	3.6	3.9	
Cayo	4.4	5.2	3.3	3.7	
Stann Creek	9.8	6.5	6.6	7.1	
Toledo	5.5	3.8	3.4	2.5	

Source: Social Security Board and Statistical Institute of Belize

Note: 2010 Population data is from Census 2010.

The 2007 - 2009 data are mid year estimates based on intercensal growth rates and the Labour Force Surveys.



STATISTICAL ABSTRACT 2011

Table 1.5
Social Security Registration Coverage of Live Births,
2007 - 2011

	Year				
	2007	2008	2009	2010r	2011p
Live Births	7,035	7,066	7,420	7,230	7,217
Children Registered in Birth Year	1,325	1,426	1,552	1,657	1,952
Percentage of Live Births Registered	18.8	20.2	20.9	22.9	27.0

Source: Ministry of Health and Social Security Board

Table 1.6
Newly Registered Employers by District,
2007 - 2011

District	Year				
	2007	2008	2009	2010r	2011p
Total	1,729	1,538	1,678	1,533	1,336
Corozal	241	208	216	231	186
Orange Walk	220	190	200	186	160
Belize	560	503	567	456	420
Cayo	362	324	363	355	324
Stann Creek	254	191	244	214	202
Toledo	92	122	88	91	44

Source: Social Security Board

Table 1.7
Newly Registered Businesses by District,
2006 - 2011

District	Year				
	2007	2008	2009	2010r	2011p
Total	2,172	1,947	1,973	1,779	1,527
Corozal	332	284	266	295	218
Orange Walk	267	230	256	233	196
Belize	678	644	645	516	462
Cayo	474	415	425	401	377
Stann Creek	321	238	283	235	227
Toledo	100	136	98	99	47

Source: Social Security Board



Table 1.8
Newly Registered Self Employed by District,
2007 - 2011

District	Year				
	2007	2008	2009	2010r	2011p
Total	574	507	517	438	253
Corozal	48	60	54	48	29
Orange Walk	53	55	51	38	22
Belize	185	135	156	130	72
Cayo	132	132	126	89	70
Stann Creek	127	90	107	101	53
Toledo	29	35	23	32	7

Source: Social Security Board



CONTRIBUTIONS

This section presents data on Contributions made to the SSB and characteristics of the actively Insured Persons (IPs), as well as the active businesses, employers and the self-employed. The principal source of the contribution data is the SSB's database, captured through the Contributions Management System (CMS).

Schedule of Contributions Based on Weekly Insurable Earnings

Weekly Earnings Group	Average Insurable Earnings (BZ\$)	Employees' Contributions (BZ\$)	Employers' Contributions (BZ\$)	Total Weekly Contributions (BZ\$)
Under \$70.00	55.00	0.83	3.57	4.40
\$70.00 to \$109.99	90.00	1.35	5.85	7.20
\$110.00 to \$139.99	130.00	1.95	8.45	10.40
\$140.00 to \$179.99	160.00	3.15	9.65	12.80
\$180.00 to \$219.99	200.00	4.75	11.25	16.00
\$220.00 to \$259.99	240.00	6.35	12.85	19.20
\$260.00 to \$299.99	280.00	7.95	14.45	22.40
\$300.00 and over	320.00	9.55	16.05	25.60
**	0.00	0.00	2.60	2.60

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.

Methods of payments - Employers can pay contributions on behalf of their employees in the following ways: bccgb

1. Direct – is the most commonly used method and payment can be made by visiting any of the nine SSB Branch Offices located in all district towns and five of the most economically active rural areas. At the SSB's Branch Offices, cashiers receive payments and the completed statement of contribution forms with details of the contributions made.
2. Over-The-Counter – is paid over-the-counter at any of the designated banks countrywide; the completed forms can either be submitted to the Bank or any of the SSB Branch Offices. The bank submits to SSB the contribution payment electronically and sends the hard copies of the corresponding statement of contributions form to the relevant SSB Branch Office. There is a gradual decrease in this practice and a shift to online payments.
3. Online – is the most recently introduced method of paying contributions for customers' convenience and can be initially carried out with two privately owned banks. The information



on the statement of contribution form is attached along with the online payment information electronically in a predefined text format. The contribution information can be received in hard-copies at the designated banks.

- The Government of Belize (GOB) – makes the payments for its employees by direct deposit and sends the statement of contributions electronically through the GOB payment system.

All contributions collected are accrued into the Social Security Fund and is used to pay benefits and administrative expenditures, and invested to earn income for future expenditures and payment of pensions.

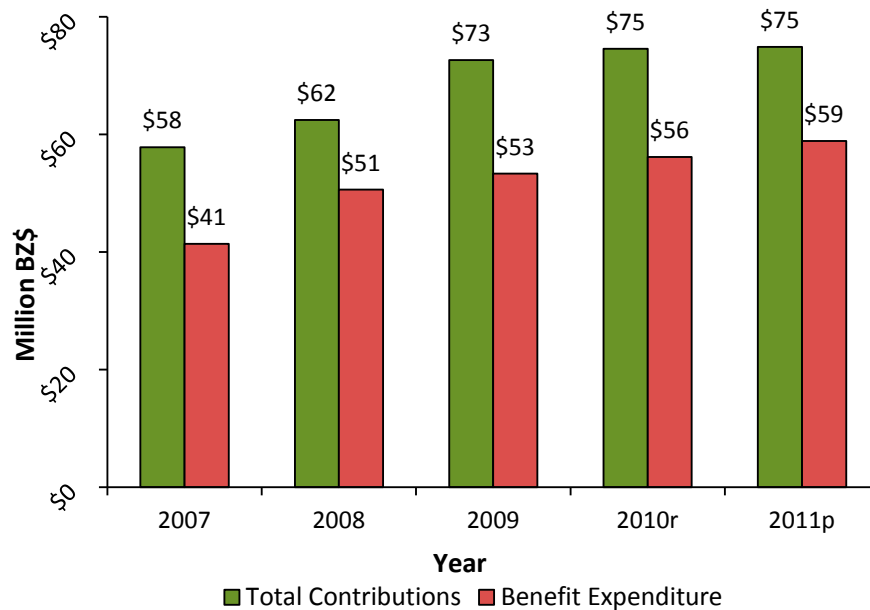
Table 2.1
Total Contributions and Benefit Expenditure,
2007 - 2011
(BZ\$)

	Year				
	2007	2008	2009	2010r	2011p
Total Contributions	\$57,840,275	\$62,467,325	\$72,640,337	\$74,574,939	\$74,913,728
Benefit Expenditure	\$41,372,531	\$50,619,410	\$53,326,548	\$56,175,243	\$58,917,057
Benefit as a % of Contributions	71.5	81.0	73.4	75.3	78.6

Source: Social Security Board

Note: Contributions figures represent GOB contributions to the NHI Fund as well as those collected from employers and employees.

Chart 1
Total Contributions and Benefit Expenditure,
2007 - 2011



Source: Social Security Board



Table 2.2
Contributions Collected and Percentage Distribution by District,
2007 - 2011
(BZ\$)

District	2007		2008		2009		2010r		2011p	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Total	\$52,793,870	100.0	\$57,582,065	100.0	\$59,886,197	100.0	\$60,329,075	100.0	\$60,913,724	100.0
Corozal	\$3,928,748	7.4	\$4,062,295	7.1	\$3,885,053	6.5	\$3,933,594	6.5	\$4,294,474	7.1
Orange Walk	\$2,751,243	5.2	\$3,083,752	5.4	\$3,357,771	5.6	\$3,422,008	5.7	\$3,565,526	5.9
Belize	\$24,726,880	46.8	\$27,888,641	48.4	\$28,148,310	47.0	\$28,223,059	46.8	\$27,623,398	45.3
Cayo	\$15,126,911	28.7	\$15,684,519	27.2	\$17,508,656	29.2	\$17,832,244	29.6	\$18,512,134	30.4
Stann Creek	\$5,483,465	10.4	\$6,002,084	10.4	\$6,028,932	10.1	\$6,019,321	10.0	\$5,941,440	9.8
Toledo	\$776,623	1.5	\$860,774	1.5	\$957,475	1.6	\$898,850	1.5	\$976,752	1.6

Source: Social Security Board

Note: Contributions figures reflect those collected from employers and employees only.



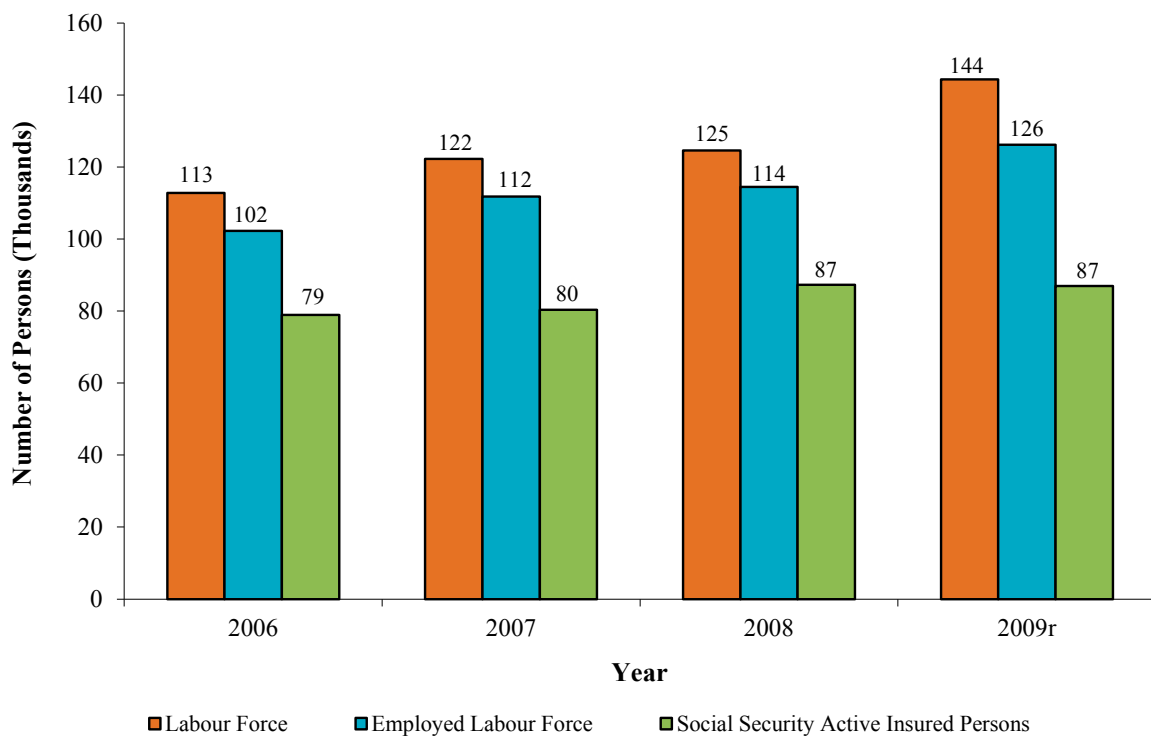
Table 2.3
Active Insured Persons and the Labour Force Participation Rates,
2006 - 2009

District	Year			
	2006	2007	2008	2009r
Number of Persons in the Labour Force	112,806	122,258	124,637	144,363
Number of Persons Employed in the Labour Force	102,233	111,835	114,465	126,188
Number of Active Insured Persons	78,923	80,381	87,253	86,981
% of Active Insured in the Labour Force	70.0	65.7	70.0	60.3
% of Active Insured in the Employed Force	77.2	71.9	76.2	68.9

Source: Social Security Board

Note: No Labour Force Survey was conducted in 2010 and 2011.

Chart 2
Labour Force, Employed Labour Force and Active Insured Persons,
2006 - 2009



Source: Social Security Board and Statistical Institute of Belize



STATISTICAL ABSTRACT 2011

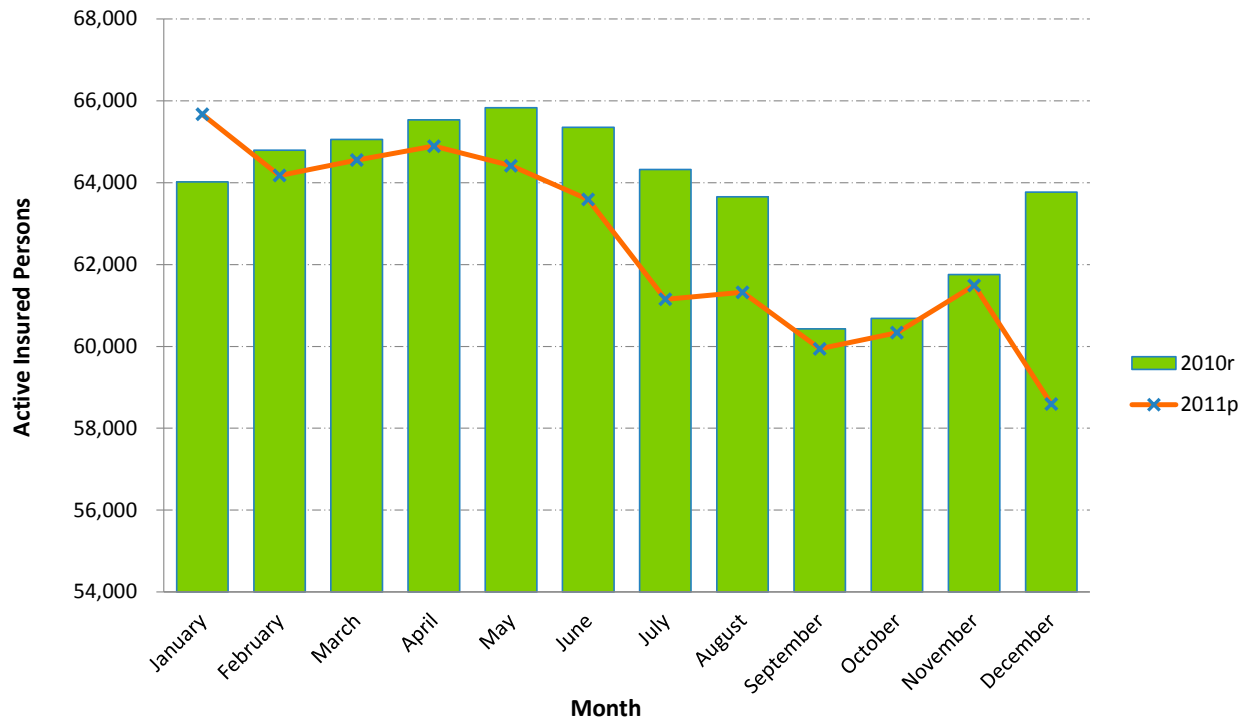
Table 2.4
Active Insured Persons by District, Sex and Age Group,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Total	80,381	87,253	86,981	87,767	86,550
District					
Corozal	10,414	9,649	9,792	9,088	9,119
Orange Walk	11,245	7,340	7,711	7,565	7,739
Belize	27,914	35,288	37,113	36,746	35,651
Cayo	15,541	20,426	18,336	19,784	19,328
Stann Creek	10,448	12,595	11,907	12,523	12,659
Toledo	4,819	1,955	2,122	2,061	2,054
Sex					
Male	51,118	55,327	54,969	54,996	54,125
Female	29,263	31,914	32,002	32,772	32,424
Do Not Know or Not Stated	-	12	10	-	1
Age Group					
14 - 24	23,783	25,261	24,195	23,801	22,140
25 - 34	25,200	27,094	27,284	27,742	27,584
35 - 44	17,105	18,590	18,926	19,172	19,300
45 - 54	9,585	10,993	11,209	11,549	11,877
55+	4,692	5,303	5,357	5,503	5,648
Do Not Know or Not Stated	16	12	10	-	1

Source: Social Security Board



Chart 3
Active Insured Persons by Month,
2010 - 2011



Source: Contributions Database, Social Security Board



Table 2.5
Active Insured Persons and Percentage Distribution by Industry,
2007 - 2011

Industry	2007		2008		2009		2010r		2011p	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Total Active Insured Persons	80,381	100.0	87,253	100.0	86,981	100.0	87,767	100.0	86,550	100.0
Agriculture, Hunting and Forestry	15,204	18.9	17,646	20.2	16,725	19.2	16,966	19.3	16,720	19.3
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	10,772	13.4	12,541	14.4	11,631	13.4	11,727	13.4	11,608	13.4
Public Administration	7,691	9.6	10,771	12.3	10,096	11.6	11,161	12.7	11,326	13.1
Hotel and Restaurants	9,713	12.1	10,635	12.2	9,719	11.2	9,354	10.7	9,331	10.8
Manufacturing	7,509	9.3	8,030	9.2	7,468	8.6	7,510	8.6	7,339	8.5
Real Estate, Renting and Business Activities	6,242	7.8	8,838	10.1	8,195	9.4	8,244	9.4	6,829	7.9
Construction	8,618	10.7	10,166	11.7	8,861	10.2	6,956	7.9	6,336	7.3
Education	5,577	6.9	6,160	7.1	6,048	7.0	6,114	7.0	6,179	7.1
Other Community, Social and Personal Activities	5,437	6.8	5,744	6.6	5,677	6.5	5,689	6.5	5,591	6.5
Transportation, Storage and Communication	5,149	6.4	5,380	6.2	5,368	6.2	5,657	6.4	5,207	6.0
Health and Social Work	2,980	3.7	3,090	3.5	3,020	3.5	3,119	3.6	3,187	3.7
Financial Intermediation	2,387	3.0	2,384	2.7	2,445	2.8	2,813	3.2	2,764	3.2
Private Households with Employed Persons	1,733	2.2	2,018	2.3	2,108	2.4	2,084	2.4	2,115	2.4
Electricity, Gas, and Water Supply	900	1.1	1,407	1.6	1,542	1.8	1,727	2.0	1,745	2.0
Fishing	2,373	3.0	2,234	2.6	2,060	2.4	1,962	2.2	1,730	2.0
Mining and Quarrying	601	0.7	786	0.9	558	0.6	845	1.0	769	0.9
Extra-Territorial Organizations and Bodies	249	0.3	562	0.6	409	0.5	405	0.5	400	0.5
Do Not Know or Not Stated	330	0.4	115	0.1	87	0.1	70	0.1	55	0.1

Source: Social Security Board

Note: The total number of Active Insured Persons shown is not equal to the sum of the Insured Persons in each industry during the respective years due to persons working in different industries during the year.

The sum of the percentages of Insured Persons in each industry does not add up to 100% during the respective years due to persons working in different industries during the year.



Table 2.6
Active Insured Persons and Percentage Distribution by Average Weekly Insurable Earnings Group,
2007 - 2011

Weekly Earnings Group	2007		2008		2009		2010r		2011p	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Total	80,381	100.0	87,253	100.0	86,981	100.0	87,767	100.0	86,550	100.0
Under \$70.00	6,436	8.0	4,911	5.6	7,212	8.3	7,524	8.6	6,910	8.0
\$70.00 to \$109.99	8,048	10.0	8,175	9.4	7,923	9.1	7,793	8.9	7,571	8.7
\$110.00 to \$139.99	7,610	9.5	8,431	9.7	7,777	8.9	7,258	8.3	6,867	7.9
\$140.00 to \$179.99	12,571	15.6	14,131	16.2	13,201	15.2	13,058	14.9	12,484	14.4
\$180.00 to \$219.99	9,883	12.3	11,493	13.2	10,142	11.7	10,451	11.9	10,200	11.8
\$220.00 to \$259.99	7,159	8.9	8,221	9.4	7,495	8.6	7,820	8.9	7,997	9.2
\$260.00 to \$299.99	4,495	5.6	5,622	6.4	4,534	5.2	4,587	5.2	4,718	5.5
\$300.00 and Over	23,053	28.7	25,096	28.8	27,613	31.7	28,076	32.0	28,594	33.0
**	1,126	1.4	1,173	1.3	1,084	1.2	1,200	1.4	1,209	1.4

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.



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Table 2.7
Number of Active Insured Persons by Industry and Average Weekly Insurable Earnings,
2010*

SSB Industry	Average Weekly Insurable Earnings										Total
	Under \$70.00	\$70.00 to \$109.99	\$110.00 to \$139.99	\$140.00 to \$179.99	\$180.00 to \$219.99	\$220.00 to \$259.99	\$260.00 to \$299.99	\$300.00 and Over	**	Total	
Total	7,525	7,794	7,258	13,058	10,451	7,820	4,587	28,076	1,200	87,767	
Agriculture, Hunting and Forestry	4,616	3,415	2,096	2,150	1,552	1,014	509	1,109	505	16,966	
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	547	1,000	1,363	3,295	1,859	1,175	524	1,864	100	11,727	
Public Administration	302	419	442	1,566	1,387	894	616	5,413	122	11,161	
Hotel and Restaurants	517	847	911	1,599	1,338	946	528	2,613	55	9,354	
Real Estate, Renting and Business Activities	1,016	902	740	1,511	997	803	435	1,782	58	8,244	
Manufacturing	499	651	874	1,369	1,078	601	378	1,988	72	7,510	
Construction	316	564	516	1,166	1,168	938	597	1,619	72	6,956	
Education	81	115	106	250	426	454	221	4,408	53	6,114	
Other Community, Social and Personal Activities	261	307	369	778	773	767	398	1,976	60	5,689	
Transportation, Storage and Communication	370	431	440	687	670	635	327	2,029	68	5,657	
Health and Social Work	215	91	104	229	310	252	234	1,644	40	3,119	
Financial Intermediation	20	60	40	118	138	189	175	2,060	13	2,813	
Private Households with Employed Persons	254	429	394	502	202	137	23	121	22	2,084	
Fishing	363	279	329	319	175	117	97	272	11	1,962	
Electricity, Gas, and Water Supply	125	128	94	146	217	126	99	782	10	1,727	
Mining and Quarrying	27	32	34	57	44	51	56	533	11	845	
Extra-Territorial Organizations and Bodies	3	5	4	8	20	17	26	320	2	405	
Do Not Know or Not Stated	6	7	10	11	7	12	4	12	1	70	

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.

Note: The total number of Active Insured Persons shown is not equal to the sum of the Insured Persons in each industry during the respective years due to persons working in different industries during the year.



Table 2.8
Percentage Distribution of Active Insured Persons by Industry and Average Weekly Insurable Earnings, 2010*

SSB Industry	Average Weekly Insurable Earnings											Total	
	Under \$70.00	\$70.00 to \$109.99	\$110.00 to \$139.99	\$140.00 to \$179.99	\$180.00 to \$219.99	\$220.00 to \$259.99	\$260.00 to \$299.99	\$300.00 and Over	**	Total			
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, Hunting and Forestry	61.3	43.8	28.9	16.5	14.9	13.0	11.1	3.9	42.1	19.3			
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	7.3	12.8	18.8	25.2	17.8	15.0	11.4	6.6	8.3	13.4			
Public Administration	4.0	5.4	6.1	12.0	13.3	11.4	13.4	19.3	10.2	12.7			
Hotel and Restaurants	6.9	10.9	12.6	12.2	12.8	12.1	11.5	9.3	4.6	10.7			
Real Estate, Renting and Business Activities	13.5	11.6	10.2	11.6	9.5	10.3	9.5	6.3	4.8	9.4			
Manufacturing	6.6	8.4	12.0	10.5	10.3	7.7	8.2	7.1	6.0	8.6			
Construction	4.2	7.2	7.1	8.9	11.2	12.0	13.0	5.8	6.0	7.9			
Education	1.1	1.5	1.5	1.9	4.1	5.8	4.8	15.7	4.4	7.0			
Other Community, Social and Personal Activities	3.5	3.9	5.1	6.0	7.4	9.8	8.7	7.0	5.0	6.5			
Transportation, Storage and Communication	4.9	5.5	6.1	5.3	6.4	8.1	7.1	7.2	5.7	6.4			
Health and Social Work	2.9	1.2	1.4	1.8	3.0	3.2	5.1	5.9	3.3	3.6			
Financial Intermediation	0.3	0.8	0.6	0.9	1.3	2.4	3.8	7.3	1.1	3.2			
Private Households with Employed Persons	3.4	5.5	5.4	3.8	1.9	1.8	0.5	0.4	1.8	2.4			
Fishing	4.8	3.6	4.5	2.4	1.7	1.5	2.1	1.0	0.9	2.2			
Electricity, Gas, and Water Supply	1.7	1.6	1.3	1.1	2.1	1.6	2.2	2.8	0.8	2.0			
Mining and Quarrying	0.4	0.4	0.5	0.4	0.4	0.7	1.2	1.9	0.9	1.0			
Extra-Territorial Organizations and Bodies	0.0	0.1	0.1	0.1	0.2	0.2	0.6	1.1	0.2	0.5			
Do Not Know or Not Stated	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.0	0.1	0.1			

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.

Note: The sum of the percentages of Insured Persons in each industry does not add up to 100% during the respective years due to persons working in different industries during the year.



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Table 2.9
Number of Active Insured Persons by Industry and Average Weekly Insurable Earnings,
2011

SSB Industry	Under \$70.00	\$70.00 to \$109.99	\$110.00 to \$139.99	\$140.00 to \$179.99	\$180.00 to \$219.99	\$220.00 to \$259.99	\$260.00 to \$299.99	\$300.00 and Over	Total	
										Average Weekly Insurable Earnings
Total	6,910	7,571	6,867	12,484	10,200	7,997	4,718	28,594	1,209	86,550
Agriculture, Hunting and Forestry	4,410	3,271	2,111	2,196	1,510	888	465	1,392	477	16,720
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	589	855	1,248	3,252	2,005	1,225	520	1,815	99	11,608
Public Administration	378	611	377	1,176	1,239	946	719	5,757	123	11,326
Hotels and Restaurants	497	870	883	1,631	1,240	915	569	2,677	49	9,362
Manufacturing	443	615	763	1,335	1,011	602	611	1,856	103	7,339
Real Estate, Renting and Business Activities	555	645	613	1,068	998	853	425	1,621	51	7,054
Construction	336	475	458	1,112	1,021	839	432	1,600	63	6,351
Education	67	127	101	264	388	416	241	4,530	45	6,107
Other Community, Social and Personal Activities	231	367	410	732	699	711	384	1,988	69	5,739
Transport, Storage and Communication	178	433	398	615	604	573	277	2,076	53	5,443
Health and Social Work	176	79	78	239	317	316	225	1,702	55	3,084
Financial Intermediation	15	54	75	110	122	224	188	1,963	13	2,954
Private Households with Employed Persons	265	414	330	510	239	150	38	145	24	2,115
Electricity, Gas and Water Supply	87	77	92	142	169	131	108	921	18	1,745
Fishing	544	244	243	186	198	89	42	174	10	1,730
Mining and quarrying	37	27	22	63	36	78	37	454	15	769
Extra-Territorial Organizations and Bodies	3	4	3	8	13	30	19	320	0	400
Do Not Know or Not Stated	6	5	3	12	9	8	4	8	0	55

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.

Note: The total number of Active Insured Persons shown is not equal to the sum of the Insured Persons in each industry during the respective years due to persons working in different industries during the year.



Table 2.10
Percentage Distribution of Active Insured Persons by Industry and Average Weekly Insurable Earnings, 2011

SSB Industry	Under \$70.00	Average Weekly Insurable Earnings										Total	
		\$70.00 to \$109.99	\$110.00 to \$139.99	\$140.00 to \$179.99	\$180.00 to \$219.99	\$220.00 to \$259.99	\$260.00 to \$299.99	\$300.00 and Over	**				
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Agriculture, Hunting and Forestry	63.8	43.2	30.7	17.6	14.8	11.1	9.9	4.9	39.5	19.3			
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	8.5	11.3	18.2	26.0	19.7	15.3	11.0	6.3	8.2	13.4			
Public Administration	5.5	8.1	5.5	9.4	12.1	11.8	15.2	20.1	10.2	13.1			
Hotels and Restaurants	7.2	11.5	12.9	13.1	12.2	11.4	12.1	9.4	4.1	10.8			
Manufacturing	6.4	8.1	11.1	10.7	9.9	7.5	13.0	6.5	8.5	8.5			
Real Estate, Renting and Business Activities	8.0	8.5	8.9	8.6	9.8	10.7	9.0	5.7	4.2	8.2			
Construction	4.9	6.3	6.7	8.9	10.0	10.5	9.2	5.6	5.2	7.3			
Education	1.0	1.7	1.5	2.1	3.8	5.2	5.1	15.8	3.7	7.1			
Other Community, Social and Personal Activities	3.3	4.8	6.0	5.9	6.9	8.9	8.1	7.0	5.7	6.6			
Transport, Storage and Communication	2.6	5.7	5.8	4.9	5.9	7.2	5.9	7.3	4.4	6.3			
Health and Social Work	2.5	1.0	1.1	1.9	3.1	4.0	4.8	6.0	4.5	3.6			
Financial Intermediation	0.2	0.7	1.1	0.9	1.2	2.8	4.0	6.9	1.1	3.4			
Private Households with Employed Persons	3.8	5.5	4.8	4.1	2.3	1.9	0.8	0.5	2.0	2.4			
Electricity, Gas and Water Supply	1.3	1.0	1.3	1.1	1.7	1.6	2.3	3.2	1.5	2.0			
Fishing	7.9	3.2	3.5	1.5	1.9	1.1	0.9	0.6	0.8	2.0			
Mining and quarrying	0.5	0.4	0.3	0.5	0.4	1.0	0.8	1.6	1.2	0.9			
Extra-Territorial Organizations and Bodies	0.0	0.1	0.0	0.1	0.1	0.4	0.4	1.1	0.0	0.5			
Do Not Know or Not Stated	0.1	0.1	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.1			

Source: Social Security Board

** Applies to persons age 60 - 64 years who have received a retirement benefit and all persons 65 years and older.

Note: The sum of the percentages of Insured Persons in each industry does not add up to 100% during the respective years due to persons working in different industries during the year.



STATISTICAL ABSTRACT 2011

Table 2.11
Active Contributing Employers by District,
2007 - 2011

District	Year				
	2007	2008	2009	2010r	2011p
Total	8,278	9,917	10,044	10,066	9,665
Corozal	2,305	2,442	2,434	2,558	2,415
Orange Walk	1,471	1,637	1,619	1,586	1,448
Belize	2,071	2,906	2,953	2,862	2,733
Cayo	1,427	1,645	1,717	1,794	1,802
Stann Creek	630	1,047	967	928	961
Toledo	374	240	354	338	306

Source: Social Security Board

Table 2.12
Active Businesses and Percentage Distribution by Industry,
2007 - 2011

Industry	Year				
	2007	2008	2009	2010r	2011p
Total	8,757	10,605	10,764	10,792	10,365
Agriculture, Hunting and Forestry	2,687	3,023	2,942	3,009	2,763
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	1,139	1,475	1,526	1,534	1,511
Private Households with Employed Persons	1,036	1,339	1,412	1,423	1,379
Hotels and Restaurants	874	1,105	1,116	1,149	1,130
Construction	688	812	800	706	697
Real Estate, Renting and Business Activities	431	574	591	580	553
Manufacturing	443	539	542	548	534
Other Community, Social and Personal Activities	374	454	531	532	502
Transport, Storage and Communication	283	382	415	405	382
Public Administration	223	239	257	264	262
Education	159	181	184	195	198
Health and Social Work	137	171	151	154	148
Financial Intermediation	98	105	103	102	109
Electricity, Gas and Water Supply	59	72	80	86	86
Mining and Quarrying	22	31	28	32	40
Fishing	38	39	39	33	29
Extra-Territorial Organizations and Bodies	14	16	13	13	13
Do Not Know or Not Stated	52	48	34	27	29

Source: Social Security Board



Table 2.13
Active Businesses and Percentage Distribution by District,
2007 - 2011

District	Year									
	2007		2008		2009		2010r		2011p	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Total	8,757	100.0	10,605	100.0	10,764	100.0	10,792	100.0	10,365	100.0
Corozal	2,293	26.2	2,537	23.9	2,518	23.4	2,645	24.5	2,504	24.2
Orange Walk	1,336	15.3	1,705	16.1	1,704	15.8	1,664	15.4	1,526	14.7
Belize	2,514	28.7	3,051	28.8	3,118	29.0	3,037	28.1	2,882	27.8
Cayo	1,575	18.0	1,949	18.4	2,020	18.8	2,103	19.5	2,106	20.3
Stann Creek	734	8.4	1,112	10.5	1,032	9.6	988	9.2	1,024	9.9
Toledo	305	3.5	251	2.4	372	3.5	355	3.3	323	3.1

Source: Social Security Board

Table 2.14
Active Self Employed by District and Sex,
2007 - 2011

District	Total				
	2007	2008	2009	2010r	2011p
Total	960	930	972	934	948
Corozal	78	108	94	99	107
Orange Walk	101	112	107	101	102
Belize	260	222	261	237	237
Cayo	209	219	212	229	239
Stann Creek	242	204	229	207	202
Toledo	70	65	69	61	61
Male	477	458	491	446	431
Corozal	48	63	55	57	62
Orange Walk	61	69	63	56	53
Belize	110	88	120	99	89
Cayo	117	116	110	114	117
Stann Creek	107	90	107	94	81
Toledo	34	32	36	26	29
Female	483	472	481	488	517
Corozal	30	45	39	42	45
Orange Walk	40	43	44	45	49
Belize	150	134	141	138	148
Cayo	92	103	102	115	122
Stann Creek	135	114	122	113	121
Toledo	36	33	33	35	32
Total Contribution Paid (BZ\$)	\$295,946	\$302,189	\$322,781	\$342,869	\$352,425

Source: Social Security Board



STATISTICAL ABSTRACT 2011

Table 2.15
Active Self Employed by Age Group,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	960	930	972	934	948
18 - 19	4	5	2	1	1
20 - 24	45	42	41	36	34
25 - 29	75	64	69	71	80
30 - 34	124	136	119	107	106
35 - 39	144	128	137	141	150
40 - 44	146	125	135	131	119
45 - 49	152	146	160	136	132
50 - 54	138	152	162	168	167
55 - 59	114	115	127	130	131
60	18	17	20	13	28

Source: Social Security Board



BENEFITS

This section presents information on social security benefits, Non-contributory Pension (NCP), and appeals. The primary source of benefits data is the Social Security databases. Data on the Mid-Year Population Estimates are obtained from the SIB.

Social Security coverage – includes employed persons aged 14 to 64 years, including public officers and self-employed persons. Persons aged 65 or older who engage in insurable employment are only covered for work injury benefits as of May 7, 1988 and a reduced contribution of BZ\$2.60 weekly is paid only by the Employer. Not covered are persons engaged in casual labour, persons employed for less than eight (8) hours in a contribution week, and military personnel. Coverage was later expanded to include the Self-Employed and Non-contributory Pensioners.

Unemployed persons who have met the requirements for voluntary coverage are only covered for Retirement, Survivors' benefits and Funeral Grant due to natural causes.

Legal Services, SSB, oversees the logistical arrangement for all appeals to be heard and further manages the process for appellants to be duly informed of decisions of the tribunal hearing.



STATISTICAL ABSTRACT 2011

Table 3.1
Benefits Expenditure by Branch/Benefit,
2007 - 2011
(BZ\$)

Branch/Benefit	Year				
	2007	2008	2009	2010r	2011p
Total	\$41,372,531	\$50,619,410	\$53,326,548	\$56,175,243	\$58,917,057
Short Term	\$8,603,428	\$10,099,211	\$10,825,484	\$10,427,906	\$10,975,229
Sickness	\$4,954,811	\$5,954,169	\$6,550,537	\$6,355,837	\$6,628,474
Maternity Allowance	\$2,633,720	\$3,085,315	\$3,202,276	\$3,067,662	\$3,334,729
Maternity Grant	\$1,014,897	\$1,059,728	\$1,072,671	\$1,004,407	\$1,012,026
Long Term	\$17,965,349	\$23,422,911	\$24,414,517	\$26,432,583	\$28,637,691
Retirement	\$9,989,225	\$11,908,989	\$13,065,933	\$14,754,284	\$16,712,401
Survivors	\$1,822,670	\$3,711,728	\$3,661,039	\$4,146,633	\$4,283,823
Invalidity	\$2,966,700	\$2,032,367	\$2,087,560	\$2,310,395	\$2,580,512
Funeral Grant (NC)	\$795,207	\$835,367	\$897,465	\$1,019,946	\$915,325
Non-contributory Pensions	\$2,391,547	\$4,934,460	\$4,702,520	\$4,201,325	\$4,145,900
Employment Injury	\$4,484,739	\$5,835,155	\$5,126,269	\$4,024,274	\$4,061,373
Injury Benefit	\$2,872,413	\$3,812,618	\$3,030,517	\$2,656,935	\$2,194,922
Disablement Grant	\$347,792	\$493,271	\$543,787	\$395,680	\$527,155
Funeral Grant (EI)	\$9,000	\$9,000	\$10,500	\$1,000	\$4,500
APV Disablement and Death	\$1,255,534	\$1,520,266	\$1,541,465	\$970,659	\$1,334,796
Disablement and Death Pension	\$1,694,606	\$1,876,022	\$1,874,425	\$1,934,752	\$1,815,926
National Health Insurance	\$8,624,409	\$9,386,111	\$11,085,853	\$13,355,728	\$13,426,568

Source: Social Security Board

Note: 2008 - 2011 National Health Insurance Expenditure refers to all payments made to Primary Care Providers.



Table 3.2
New Claims Allowed by Branch/Benefits,
2007 - 2011

Benefit	Year				
	2007	2008	2009r	2010r	2011p
Total	31,959	37,215	37,098	33,487	33,821
Short Term	28,025	32,995	33,230	29,832	29,462
Sickness	23,435	28,120	28,272	25,240	24,747
Maternity Allowance	1,256	1,352	1,398	1,263	1,352
Maternity Grant	3,334	3,523	3,560	3,329	3,363
Long Term	1,328	1,544	1,480	1,574	2,365
Retirement	455	584	553	516	490
Survivors	170	223	161	216	1125
Invalidity	53	77	69	74	52
Funeral Grant (NC)	650	660	697	768	698
Employment Injury	2,606	2,676	2,388	2,081	1,994
Injury	2,471	2,492	2,215	1,955	1,773
Disablement	126	168	157	109	211
Death Benefit	5	10	9	11	7
Funeral Grant (EI)	4	6	7	6	3

Source: Social Security Board

Note: Retirement, Survivors', Invalidity, Disablement and Death includes those that have received either a pension or a grant.

Table 3.3
Benefit Recipients by Branch/Benefits,
2007 - 2011

Benefit	Year				
	2007	2008	2009	2010r	2011p
Total	34,392	38,758	40,023	38,422	36,271
Short Term	21,365	24,287	25,962	24,747	22,440
Sickness	16,808	19,447	21,016	20,168	17,789
Maternity Allowance	1,240	1,352	1,398	1,263	1,304
Maternity Grant	3,317	3,488	3,548	3,316	3,347
Long Term	9,893	11,291	11,058	10,934	11,256
Retirement	2,961	3,237	3,410	3,654	4,044
Survivors	2,363	2,356	2,282	2,149	2,445
Invalidity	349	381	372	371	360
Funeral Grant (NC)	650	660	697	768	696
Non-contributory	3,570	4,657	4,297	3,992	3,711
Employment Injury	3,134	3,180	3,003	2,741	2,575
Injury	2,312	2,364	2,108	1,859	1,684
Disablement	504	483	553	530	545
Death Benefit	314	327	335	346	343
Funeral Grant (EI)	4	6	7	6	3

Source: Social Security Board

Note: Retirement, Survivors', Invalidity, Disablement and Death includes those that have received either a pension or a grant.



STATISTICAL ABSTRACT 2011

Table 3.4
Sickness Benefit: Cumulative Days Paid by Number of Days Claimed,
2007 - 2011

Benefit Days	Year				
	2007	2008	2009	2010r	2011p
Total	192,522	226,438	247,345	235,675	237,741
1	1,880	2,484	2,132	1,505	1,621
2	8,000	9,798	8,722	7,498	7,866
3	14,283	17,010	15,636	14,301	13,476
4 - 7	42,750	49,957	52,650	49,149	46,491
8 - 14	25,041	30,216	38,114	36,299	36,116
15 - 21	14,179	16,553	19,020	18,718	19,054
22 - 28	7,036	9,604	10,950	11,413	11,023
29 - 35	12,978	13,748	12,787	13,879	14,084
36 - 42	5,090	6,592	7,968	7,479	8,231
43 - 49	7,719	6,789	7,236	7,103	8,181
50 - 56	3,756	4,125	5,875	4,635	6,984
57 - 63	6,856	6,061	7,529	6,909	7,682
64 - 70	2,724	3,817	3,878	4,364	4,450
71 - 77	2,438	2,594	3,111	3,548	4,309
78 - 84	1,940	2,024	3,717	3,794	3,721
85 - 91	3,552	3,291	3,180	3,193	4,595
92 - 98	3,765	3,968	4,068	3,207	4,258
99 - 105	2,941	2,038	2,151	2,759	2,230
106 - 112	1,957	1,535	2,175	1,418	2,845
113 - 119	1,502	1,623	1,966	2,553	1,617
120 - 126	2,838	1,470	2,086	2,455	2,328
127 - 133	908	1,292	1,693	1,293	1,163
134 - 140	1,230	1,092	968	1,095	1,368
141 - 147	438	1,576	1,150	850	1,157
148 - 156	1,680	1,677	1,538	2,270	1,678
157 - 234	15,041	25,504	27,045	23,988	21,213

Source: Social Security Board



Table 3.5
Sickness Benefit Days Paid by Mean Benefit Payment,
2007 - 2011
(BZ\$)

Benefit Days	Year				
	2007	2008	2009	2010r	2011p
1	\$28	\$29	\$29	\$29	\$30
2	\$55	\$57	\$57	\$58	\$60
3	\$80	\$82	\$83	\$84	\$86
4 - 7	\$134	\$141	\$145	\$146	\$148
8 - 14	\$266	\$278	\$284	\$289	\$295
15 - 21	\$442	\$460	\$467	\$474	\$487
22 - 28	\$669	\$691	\$676	\$684	\$695
29 - 35	\$858	\$857	\$865	\$857	\$902
36 - 42	\$1,069	\$1,066	\$1,057	\$1,113	\$1,138
43 - 49	\$1,228	\$1,285	\$1,319	\$1,313	\$1,327
50 - 56	\$1,370	\$1,469	\$1,487	\$1,534	\$1,584
57 - 63	\$1,626	\$1,714	\$1,750	\$1,727	\$1,847
64 - 70	\$1,780	\$1,871	\$1,775	\$1,801	\$1,896
71 - 77	\$1,991	\$2,028	\$2,071	\$2,081	\$2,146
78 - 84	\$2,054	\$2,480	\$2,144	\$2,297	\$2,556
85 - 91	\$2,291	\$2,350	\$2,541	\$2,447	\$2,722
92 - 98	\$2,405	\$2,630	\$2,699	\$2,437	\$2,751
99 - 105	\$2,597	\$2,814	\$2,919	\$2,860	\$2,832
106 - 112	\$2,958	\$2,629	\$2,997	\$3,260	\$3,386
113 - 119	\$2,999	\$3,410	\$3,175	\$3,452	\$3,896
120 - 126	\$3,027	\$3,079	\$3,262	\$3,313	\$3,809
127 - 133	\$3,240	\$3,057	\$3,560	\$3,586	\$4,154
134 - 140	\$3,474	\$3,600	\$4,068	\$4,823	\$4,013
141 - 147	\$3,623	\$4,367	\$3,876	\$5,024	\$5,212
148 - 156	\$4,110	\$4,609	\$3,805	\$3,746	\$4,469
157 - 234	\$5,183	\$5,257	\$5,416	\$5,659	\$6,399
Mean Payment (BZ\$)	\$214	\$217	\$234	\$251	\$269

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.



STATISTICAL ABSTRACT 2011

Table 3.6
Sickness Benefit by Selected Characteristics,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Cases Processed	27,698	32,793	31,198	28,359	25,465
Age Group					
14 - 19	1,139	1,447	1,321	866	268
20 - 24	4,717	5,844	5,683	4,811	3,322
25 - 29	5,569	6,437	6,373	5,722	5,286
30 - 34	4,798	5,608	5,261	4,863	4,634
35 - 39	3,833	4,336	4,246	3,926	3,741
40 - 44	2,863	3,449	3,141	3,036	3,000
45 - 49	2,313	2,604	2,375	2,319	2,353
50 - 54	1,333	1,728	1,567	1,633	1,687
55 - 64	1,133	1,340	1,231	1,183	1,174
Average Days Claimed	8	8	9	9	8
Age Group					
14 - 19	7	6	7	7	8
20 - 24	7	6	7	7	7
25 - 29	7	7	8	8	8
30 - 34	7	7	8	9	8
35 - 39	8	8	9	9	9
40 - 44	9	9	10	10	11
45 - 49	10	10	11	11	12
50 - 54	12	11	12	13	12
55 - 64	12	14	13	15	14
Mean Payment (BZ\$)	\$214	\$217	\$234	\$251	\$269
Age Group					
14 - 19	\$123	\$122	\$125	\$132	\$153
20 - 24	\$161	\$145	\$166	\$164	\$181
25 - 29	\$185	\$184	\$205	\$216	\$219
30 - 34	\$193	\$201	\$222	\$247	\$250
35 - 39	\$226	\$235	\$255	\$270	\$282
40 - 44	\$249	\$237	\$279	\$286	\$318
45 - 49	\$263	\$277	\$293	\$320	\$348
50 - 54	\$320	\$278	\$347	\$371	\$360
55 - 64	\$306	\$334	\$343	\$356	\$389

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.



Table 3.7
Sickness Benefit Claims Paid by Industry,
2007 - 2011

Industry	Year				
	2007	2008	2009	2010r	2011p
Total	23,435	28,120	28,272	25,240	25,465
Public Administration	3,429	4,577	4,430	4,296	5,457
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	2,450	2,901	3,189	2,899	2,764
Agriculture, Hunting and Forestry	2,722	2,846	2,676	2,574	2,414
Real Estate, Renting and Business Activities	1,950	2,869	2,772	2,157	2,069
Health and Social Work	2,254	2,649	2,353	2,000	2,083
Manufacturing	2,287	2,450	2,265	2,024	1,836
Hotels and Restaurants	1,612	1,772	1,883	1,630	1,542
Other Community, Social and Personal Activities	1,159	1,405	1,478	1,455	1,540
Transport, Storage and Communication	1,565	1,647	1,582	1,509	1,429
Financial Intermediation	814	941	1,242	1,239	1,188
Education	523	769	1,050	1,001	1,244
Construction	911	1,280	1,422	897	676
Electricity, Gas and Water Supply	450	507	550	539	469
Private Households with Employed Persons	400	364	383	405	366
Fishing	595	655	570	363	191
Extra-Territorial Organizations and Bodies	196	218	238	182	121
Mining and Quarrying	117	270	189	70	50
Do Not Know or Not Stated	1	0	0	0	26

Source: Social Security Board



STATISTICAL ABSTRACT 2011

Table 3.8
Maternity Allowance by Selected Characteristics,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Cases	1,256	1,352	1,398	1,338	1,318
Age Group					
14 - 19	29	43	82	30	37
20 - 24	321	372	419	337	345
25 - 29	401	457	446	486	445
30 - 34	315	307	294	297	312
35 - 39	143	128	125	154	141
40 - 44	46	45	31	31	35
45 - 64	1	0	1	3	3
Weeks Claimed					
< 14 Weeks	256	155	169	317	231
14 Weeks	968	1,125	1,169	1,002	1,072
15 Weeks	9	32	31	9	2
16 Weeks	23	40	29	10	13
Mean Payment (BZ\$)	\$1,891	\$2,245	\$2,418	\$2,235	\$2,408
Age Group					
14 - 19	\$1,703	\$1,808	\$1,815	\$1,182	\$1,750
20 - 24	\$1,969	\$2,283	\$2,195	\$1,938	\$2,079
25 - 29	\$2,178	\$2,508	\$2,638	\$2,235	\$2,501
30 - 34	\$2,300	\$2,583	\$2,575	\$2,541	\$2,609
35 - 39	\$2,402	\$2,646	\$2,472	\$2,498	\$2,625
40 - 44	\$1,883	\$2,249	\$2,179	\$2,340	\$2,494
45 - 64	\$798	\$0	\$1,792	\$1,288	\$2,324

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.



Table 3.9
Maternity Grants Paid by Age Group and Sex,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	3,661	3,523	3,550	3,329	3,522
14 - 19	67	134	50	59	92
20 - 24	880	911	812	770	853
25 - 29	1,050	1,039	1,094	1,038	1,053
30 - 34	826	730	818	754	768
35 - 39	466	411	447	409	459
40 - 44	222	188	209	41	179
45 - 49	92	71	69	217	74
50 - 54	33	24	31	26	34
55 - 59	19	11	15	10	6
60+	6	4	5	5	4
Male*	2,463	2,194	2,184	1,997	2,154
14 - 19	40	70	24	35	54
20 - 24	579	515	499	443	503
25 - 29	662	609	629	559	597
30 - 34	536	453	480	453	441
35 - 39	327	282	279	249	307
40 - 44	171	155	158	0	137
45 - 49	91	71	64	217	71
50 - 54	32	24	31	26	34
55 - 59	19	11	15	10	6
60+	6	4	5	5	4
Female	1,198	1,329	1,366	1,332	1,368
14 - 19	27	64	26	24	38
20 - 24	301	396	313	327	350
25 - 29	388	430	465	479	456
30 - 34	290	277	338	301	327
35 - 39	139	129	168	160	152
40 - 44	51	33	51	41	42
45 - 49	1	0	5	0	3
50 - 54	1	0	0	0	0
55 - 59	0	0	0	0	0
60+	0	0	0	0	0

Source: Social Security Board

* Maternity grants are payable to male insured persons who present proof of paternity. A grant is not paid to fathers in respect of a child for whom an insured mother has claimed.



Table 3.10
Long Term Pension by Recipients at Year End and Expenditure,
2009 - 2011

Long Term Pensioners	2009		2010r		2011p	
	Recipients	Expenditure (BZ\$)	Recipients	Expenditure (BZ\$)	Recipients	Expenditure (BZ\$)
Total	10,691	\$23,663,285	10,954	\$25,322,145	10,837	\$27,311,007
Retirement	3,142	\$12,149,093	3,463	\$13,822,401	3,800	\$15,550,824
Invalidity	341	\$1,770,802	340	\$1,912,810	334	\$2,014,172
Survivors'	2,166	\$3,164,573	2,468	\$3,450,857	2,222	\$3,784,185
Disablement	410	\$1,237,289	345	\$1,294,669	429	\$1,194,679
Death	335	\$639,008	346	\$640,083	341	\$621,427
Non-contributory Pensioners	4,297	\$4,702,520	3,992	\$4,201,325	3,711	\$4,145,900

Source: Social Security Board



Table 3.11
Retirement Pensions Awarded by Age, Sex and Mean Monthly Payment,
2007 - 2011

Age	Year				
	2007	2008	2009	2010r	2011p
Total	227	315	289	417	402
60	91	117	95	246	199
61	16	79	78	41	53
62	13	20	27	28	28
63	14	17	23	19	36
64	22	18	13	45	14
65	46	47	26	26	53
66	8	11	22	5	11
67	2	3	1	1	5
68	1	1	0	1	0
69+	2	2	4	5	3
Male	151	207	205	264	262
60	61	67	57	145	114
61	11	51	53	24	34
62	9	15	21	19	20
63	11	14	22	16	30
64	15	14	11	34	5
65	36	33	21	21	46
66	5	8	15	2	7
67	1	3	1	1	4
68	1	1	0	0	0
69+	1	1	4	2	2
Female	64	108	84	153	140
60	30	50	38	101	85
61	5	28	25	17	19
62	4	5	6	9	8
63	3	3	1	3	6
64	7	4	2	11	9
65	10	14	5	5	7
66	3	3	7	3	4
67	1	0	0	0	1
68	0	0	0	1	0
69+	1	1	0	3	1
Mean Monthly Payment (BZ\$)					
Total	\$427	\$414	\$421	\$408	\$431
Male	\$415	\$399	\$400	\$394	\$427
Female	\$453	\$442	\$472	\$433	\$439

Source: Social Security Board

Note: Mean monthly payment refers to the average monthly cost per allowed claim.



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Table 3.12
Retirement Grants Awarded by Age, Sex and Mean Payment,
2007 - 2011

Age	Year				
	2007	2008	2009	2010r	2011p
Total	214	270	264	307	295
60	67	72	82	100	115
61	17	29	34	38	26
62	25	12	14	28	26
63	8	19	23	30	15
64	13	11	15	24	28
65	40	51	43	35	42
66	11	16	25	13	12
67	12	10	9	8	7
68	6	7	3	5	5
69+	15	43	16	26	19
Male	162	207	187	209	220
60	46	50	52	71	84
61	9	28	28	23	16
62	23	8	9	18	16
63	5	17	14	22	14
64	12	9	10	11	21
65	31	39	34	22	35
66	7	14	18	13	11
67	12	7	7	6	7
68	4	6	1	3	3
69+	13	29	14	20	13
Female	52	63	77	98	75
60	21	22	30	29	31
61	8	1	6	15	10
62	2	4	5	10	10
63	3	2	9	8	1
64	1	2	5	13	7
65	9	12	9	13	7
66	4	2	7	0	1
67	0	3	2	2	0
68	2	1	2	2	2
69+	2	14	2	6	6
Mean Payment (BZ\$)					
Total	\$3,240	\$2,861	\$3,277	\$2,957	\$3,120
Male	\$3,421	\$2,890	\$3,457	\$2,893	\$2,362
Female	\$2,669	\$2,766	\$2,844	\$3,095	\$3,379

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.



Table 3.13
¹Invalidity Pensioners at Year End by Age Group and Sex,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	370	333	341	340	334
< 20	0	0	0	0	0
20 - 24	0	3	0	0	0
25 - 29	4	6	2	3	1
30 - 34	4	24	7	7	9
35 - 39	24	43	24	29	11
40 - 44	40	48	45	49	48
45 - 49	47	88	55	65	63
50 - 54	79	103	87	97	97
55 - 59	99	18	99	90	105
60 - 64	13	0	22	0	0
65+	1	0	0	0	0
Male	162	171	177	173	177
< 20	0	0	0	0	0
20 - 24	0	3	0	0	0
25 - 29	4	4	2	3	1
30 - 34	3	14	5	5	7
35 - 39	15	28	12	16	4
40 - 44	25	21	30	29	30
45 - 49	20	44	27	33	33
50 - 54	38	48	43	45	52
55 - 59	48	9	45	42	50
60 - 64	8	0	13	0	0
65+	1	0	0	0	0
Female	149	162	164	167	157
< 20	0	0	0	0	0
20 - 24	0	0	0	0	0
25 - 29	0	2	0	0	0
30 - 34	1	10	2	2	2
35 - 39	9	15	12	13	7
40 - 44	15	27	15	20	18
45 - 49	27	44	28	32	30
50 - 54	41	55	44	52	45
55 - 59	51	9	54	48	55
60 - 64	5	0	9	0	0
65+	0	0	0	0	0

Source: Social Security Board

¹ - Includes all persons declared by a medical board as permanently "incapable to work" as a result from a specific disease or bodily or mental disablement and are receiving a Social Security Invalidation Pension.



Table 3.14
Invalidity Grants Awarded by Sex, Total Payment and Mean Payment,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Sex					
Total	31	38	27	31	64
Male	23	25	22	17	45
Female	8	13	5	14	19
Total Payment (BZ\$)					
Total	\$235,288	\$281,911	\$223,278	\$378,369	\$566,340
Male	\$154,928	\$212,351	\$195,531	\$238,243	\$318,309
Female	\$80,360	\$69,560	\$27,748	\$140,125	\$248,031
Mean Payment (BZ\$)	\$7,590	\$7,619	\$8,270	\$12,205	\$8,695

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.

Total may not add up to Total Payment due to rounding.

Table 3.15
¹Spouses Receiving Survivors' Pension at Year End by Sex and Mean Monthly Payment,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Sex					
Total	801	855	907	989	1,011
Male	9	18	40	23	23
Female	792	837	867	966	988
Mean Monthly Payment (BZ\$)					
Total	\$188	\$179	\$184	\$198	\$205
Male	\$173	\$111	\$150	\$180	\$191
Female	\$204	\$181	\$186	\$198	\$206

Source: Social Security Board

¹ - Includes all persons classified as spouses in receipt of a Social Security Survivors' Pension.

Note: Mean monthly payment refers to the average monthly cost per allowed claim.



Table 3.16
Children Awarded Survivor's Pension by Age Group, Sex and
Mean Monthly Payment,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	138	145	114	181	241
00 - 04	24	27	14	32	13
05 - 09	40	39	32	45	44
10 - 14	39	50	35	63	85
15 - 16	16	12	17	15	42
17 - 21	18	15	16	24	49
22+	1	2	0	2	8
Male	78	72	59	94	129
00 - 04	15	15	8	17	7
05 - 09	22	18	14	25	22
10 - 14	22	31	15	31	49
15 - 16	9	4	11	11	22
17 - 21	10	4	11	9	25
22+	0	0	0	1	4
Female	60	73	55	87	112
00 - 04	9	12	6	15	6
05 - 09	18	21	18	20	22
10 - 14	17	19	20	32	36
15 - 16	7	8	6	4	20
17 - 21	8	11	5	15	24
22+	1	2	0	1	4
Mean Monthly Payment (BZ\$)					
Total	\$109	\$107	\$106	\$124	\$114
Male	\$96	\$103	\$105	\$128	\$115
Female	\$126	\$111	\$107	\$121	\$113

Source: Social Security Board

Note: Mean monthly payment refers to the average monthly cost per allowed claim.



Table 3.17
¹Children Receiving Survivors' Pension at Year End
by Age Group, Sex and Mean Monthly Payment,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	1,038	1,174	1,259	1,479	1,265
00 - 04	70	91	80	64	53
05 - 09	223	261	250	225	236
10 - 14	383	451	456	441	479
15 - 16	231	168	194	200	206
17 - 21	116	189	258	518	211
22+	15	14	21	28	80
Male	518	595	641	750	636
00 - 04	39	50	43	34	29
05 - 09	111	127	124	119	121
10 - 14	189	226	220	215	241
15 - 16	116	84	105	98	102
17 - 21	55	100	136	268	112
22+	8	8	13	16	31
Female	520	579	618	729	629
00 - 04	31	41	37	30	24
05 - 09	112	134	126	109	115
10 - 14	194	225	236	226	238
15 - 16	115	84	89	102	104
17 - 21	61	89	122	250	99
22+	7	6	8	12	49
Mean Monthly Payment (BZ\$)					
Total	\$90	\$88	\$89	\$92	\$103
Male	\$93	\$89	\$89	\$93	\$103
Female	\$87	\$87	\$88	\$92	\$103

Source: Social Security Board

¹ - Includes all persons classified as dependent children as per Act in receipt of a Social Security Survivors' Benefit.

Note: Mean monthly payment refers to the average monthly cost per allowed claim.



Table 3.18
¹DIP by Number of Surviving Orphans by Sex and Year,
2007 - 2011

Number of Orphans	Year				
	2007	2008	2009	2010r	2011p
Total	112	102	108	123	141
1	21	24	24	27	25
2	22	19	26	30	40
3	19	20	10	30	15
4	18	17	13	16	28
5	6	9	3	2	15
6	12	6	18	18	18
7	14	7	14	0	0

Source: Social Security Board

¹ - Dead Insured Persons who met the requirements to receive a Retirement or Invalidation Pension.

Table 3.19
¹DIP by Number of Surviving Spouses by Sex and Year,
2007 - 2011

Sex	Year				
	2007	2008	2009	2010r	2011p
Total	90	95	88	116	117
Male	4	0	2	0	0
Female	86	95	86	116	117

Source: Social Security Board

¹ - Dead Insured Persons who met the requirements to receive a Retirement or Invalidation Pension.

Table 3.20
¹DIP by Number of Surviving Parents by Sex and Year,
2007 - 2011

Number of Parents	Year				
	2007	2008	2009	2010r	2011p
Total	6	5	5	0	0
1	4	3	5	0	0
2	2	2	0	0	0
Male	1	1	2	0	0
1	0	0	2	0	0
2	1	1	0	0	0
Female	5	4	3	0	0
1	4	3	3	0	0
2	1	1	0	0	0

Source: Social Security Board

¹ - Dead Insured Persons who met the requirements to receive a Retirement or Invalidation Pension.



Table 3.21
Survivors' Grant Awarded to Beneficiaries by
Age Group, Sex and Mean Payment,
2007 - 2011

Age Group	Year				
	2007	2008	2009	2010r	2011p
Total	156	169	204	258	249
<20	104	103	139	192	154
20 - 29	8	12	11	9	20
30 - 39	12	13	16	17	23
40 - 49	11	17	17	15	21
50 - 59	17	12	16	15	27
60+	4	12	5	10	4
Male	54	54	77	79	90
<20	44	50	74	75	75
20 - 29	1	1	3	0	1
30 - 39	2	0	0	0	5
40 - 49	2	1	0	2	2
50 - 59	4	0	0	1	6
60+	1	2	0	1	1
Female	102	115	127	179	159
<20	60	53	65	117	79
20 - 29	7	11	8	9	19
30 - 39	10	13	16	17	18
40 - 49	9	16	17	13	19
50 - 59	13	12	16	14	21
60+	3	10	5	9	3
Mean Payment (BZ\$)	\$1,855	\$3,540	\$3,885	\$4,962	\$4,071

Source: Social Security Board

Note: Mean payment refers to the average cost per allowed claim.



Table 3.22
Disablement Pension Awarded to Beneficiaries by Degree of
Disability in Percent, Sex and Mean Monthly Payment,
2007 - 2011

Degree of Disability (%)	Year				
	2007	2008	2009	2010r	2011p
Total	19	12	16	12	13
25.00 - 29.99	5	2	2	2	3
30.00 - 39.99	7	5	5	4	2
40.00 - 49.99	2	2	2	2	3
50.00 - 59.99	1	0	4	0	0
60+	4	3	3	4	5
Male	18	11	16	11	12
25.00 - 29.99	4	1	2	2	3
30.00 - 39.99	7	5	5	3	2
40.00 - 49.99	2	2	2	2	2
50.00 - 59.99	1	0	4	0	0
60+	4	3	3	4	5
Female	1	1	0	1	1
25.00 - 29.99	1	1	0	0	0
30.00 - 39.99	0	0	0	1	0
40.00 - 49.99	0	0	0	0	1
50.00 - 59.99	0	0	0	0	0
60+	0	0	0	0	0
Mean Monthly Payment (BZS)					
Total	\$282	\$355	\$248	\$242	\$287
Male	\$287	\$370	\$248	\$249	\$294
Female	\$188	\$188	\$0	\$188	\$202

Source: Social Security Board

Note: Mean monthly payment refers to the average monthly cost per allowed claim.



Table 3.27
¹Survivors' Benefit at Year End for Spouses Receiving
Death Benefit by Sex and Mean Monthly Payment,
(Death due to Employment Injury)
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Sex					
Total	130	108	110	107	117
Male	0	0	0	0	3
Female	130	108	110	107	114
Mean Monthly Payment (BZ\$)	\$258	\$283	\$296	\$313	\$322

Source: Social Security Board

¹ - Includes all persons classified as spouses receiving a Social Security Death Benefit.

Note: Mean monthly payment refers to the average monthly cost per allowed claim.

Table 3.28
Employment Injury by Nature of Injury,
2007 - 2011

Nature of Injury	Year				
	2007	2008	2009	2010r	2011p
Total	2,470	2,521	2,446	1,955	1,761
Open wounds and injury to blood vessels	812	789	739	682	709
Other injuries, early complications of trauma	853	961	877	618	435
Dislocations, sprains and strains	335	273	317	239	236
Fractures	158	172	175	137	146
Foreign bodies entering orifice	141	145	150	102	80
Intercranial and internal injuries, including nerves	67	72	79	83	56
Late effects of injuries, poisoning, toxic effects and other external causes	32	34	28	50	39
Burns	54	54	53	42	39
Poisoning and toxic effects	4	7	16	0	5
Complications of medical and surgical care	1	0	1	0	0
Missing Codes	13	14	11	2	16

Source: Social Security Board



Table 3.29
Employment Injury by Industry and Cause,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Total	2,470	2,521	2,446	1,955	1,761
Industry					
Agriculture, Hunting and Forestry	865	797	818	745	651
Construction	402	507	439	240	216
Manufacturing	259	271	263	204	198
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	191	177	189	152	138
Hotels and Restaurants	125	137	134	101	119
Public Administration	103	98	126	114	97
Transport, Storage and Communications	107	104	79	59	57
Real Estate, Renting and Business Activities	64	76	93	71	56
Health and Social Work	79	61	79	61	53
Other Community, Social and Personal Activities	65	75	57	56	38
Electricity, Gas and Water Supply	26	21	20	38	33
Education	27	27	29	26	27
Fishing	38	54	45	39	23
Private Households with Employed Persons	38	29	22	24	19
Mining and Quarrying	50	65	31	15	14
Financial Intermediation	5	12	15	5	9
Extra-Territorial Organizations and Bodies	13	3	1	1	1
Do Not Know or Not Stated	13	7	6	4	12
Cause					
Other Accidents Including Late Effects	1,620	1,525	1,505	1,343	1,262
Accidental Falls	597	692	654	445	361
Transport Accidents	167	139	176	116	83
Accidents Caused by Fire or Flames	30	15	30	7	20
Other Violence	10	19	52	23	8
Accidental Poisoning	13	102	11	10	8
Homicide and Injury Purposefully Inflicted by Other Persons	6	9	9	2	5
Misadventures During Medical Care	0	1	0	0	0
Missing Codes	27	19	9	9	14

Source: Social Security Board



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Table 3.30
Number of Non-contributory Pensioners at Year End by District and Sex,
2007 - 2011

District	Year				
	2007*	2008	2009	2010r	2011p
Total	3,570	4,657	4,297	3,992	3,711
Corozal	519	742	654	680	587
Orange Walk	700	954	893	771	776
Belize City	823	1,020	981	949	797
Cayo	802	1,041	929	827	813
Stann Creek	352	423	425	362	371
Toledo	374	477	415	403	367
Female	2,815	2,941	2,790	2,654	2,457
Corozal	409	454	403	413	364
Orange Walk	527	522	520	459	464
Belize City	721	759	709	710	589
Cayo	610	629	611	568	550
Stann Creek	283	297	285	246	252
Toledo	265	280	262	258	238
Male	755	1,716	1,507	1,338	1,254
Corozal	110	288	251	267	223
Orange Walk	173	432	373	312	312
Belize City	102	261	272	239	208
Cayo	192	412	318	259	263
Stann Creek	69	126	140	116	119
Toledo	109	197	153	145	129

Source: Social Security Board and Statistical Institute of Belize

Note: * NCP Scheme for Males began in December 2007.



Table 3.31
Total Expenditure, Non-contributory Pensioners by Branch,
2007 - 2011
(BZ\$)

Branch	Year				
	2007	2008	2009	2010r	2011p
Total	\$2,391,547	\$5,094,100	\$4,702,520	\$4,440,000	\$4,121,100
Belize City	\$544,800	\$1,003,500	\$978,300	\$913,800	\$801,400
Belmopan	\$139,025	\$330,900	\$306,520	\$287,400	\$277,000
Corozal	\$345,875	\$769,300	\$744,200	\$712,600	\$667,600
Dangriga	\$209,575	\$362,400	\$312,700	\$295,600	\$276,900
Independence	\$38,900	\$117,800	\$146,900	\$150,300	\$145,700
Orange Walk	\$461,950	\$1,123,800	\$1,009,500	\$937,000	\$864,100
Punta Gorda	\$239,875	\$517,600	\$462,800	\$442,100	\$418,000
San Pedro	\$19,900	\$29,600	\$29,200	\$28,800	\$26,800
Santa Elena	\$391,647	\$839,200	\$712,400	\$672,400	\$643,600

Source: Social Security Board

Note: NCP Expenditure includes total payment made for all approved NCP recipients January - December in reference year.

Prior to 2008, NCP expenditures represents approved NCP payments prior to cancellations or replacements.

NCP Scheme for Males began in December 2007.



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Table 3.32
Number of Non-contributory Pensioners by Year by District and Age Group,
2009

Age Group	District						Total
	Corozal	Orange Walk	Belize	Cayo	Stann Creek	Toledo	
Total	654	893	981	929	425	415	4,297
65 - 69	117	160	115	126	48	61	627
70 - 74	176	226	229	226	125	114	1,096
75 - 79	146	212	259	230	114	114	1,075
80 - 84	109	170	178	194	77	76	804
85 - 89	68	88	110	99	42	27	434
90 - 94	26	24	62	40	12	15	179
95 - 99	12	11	20	11	5	6	65
100 & Over	0	2	8	3	2	2	17

Source: Social Security Board

Table 3.33
Number of Non-contributory Pensioners by Year by District and Age Group,
2010

Age Group	District						Total
	Corozal	Orange Walk	Belize	Cayo	Stann Creek	Toledo	
Total	680	771	949	827	362	403	3,992
65 - 69	76	116	76	93	36	43	440
70 - 74	199	210	229	198	95	109	1,040
75 - 79	151	197	258	208	114	109	1,037
80 - 84	129	141	180	183	57	84	774
85 - 89	73	68	108	87	38	33	407
90 - 94	40	29	62	41	17	18	207
95 - 99	10	7	30	14	4	5	70
100 & Over	2	3	6	3	1	2	17

Source: Social Security Board

Table 3.34
Number of Non-contributory Pensioners by Year by District and Age Group,
2011

Age Group	District						Total
	Corozal	Orange Walk	Belize	Cayo	Stann Creek	Toledo	
Total	587	776	797	813	371	367	3,711
65 - 69	47	81	50	74	27	28	307
70 - 74	183	218	190	184	88	104	967
75 - 79	128	195	198	201	129	100	951
80 - 84	124	154	178	187	64	75	782
85 - 89	66	82	103	111	42	34	438
90 - 94	28	33	53	40	17	18	189
95 - 99	8	9	22	11	3	6	59
100 & Over	3	4	3	5	1	2	18

Source: Social Security Board



Table 3.35
Appeals Heard by an Appeal Tribunal by Branch Office, Benefit
and Outcome of Appeal,
2007 - 2011

Selected Characteristics	Year				
	2007	2008	2009	2010r	2011p
Branch Office	140	41	40	47	45
Corozal	11	1	13	3	8
Orange Walk	18	2	5	5	3
Belize	70	16	7	14	12
San Pedro	6	3	0	2	1
Belmopan	15	8	4	7	8
Santa Elena	8	8	7	7	4
Dangriga	6	1	2	6	3
Independence	1	0	0	1	2
Punta Gorda	5	2	2	2	4
Benefit	140	41	40	47	45
Short Term	83	12	10	15	8
Sickness	81	10	6	10	5
Maternity Allowance	1	2	4	5	2
Maternity Grant	1	0	0	0	1
Long Term	18	12	9	11	12
Retirement	2	2	0	3	0
Survivors	5	2	4	4	8
Invalidity	11	7	5	3	2
Funeral Grant (NC)	0	1	0	1	2
Employment Injury	39	17	21	21	25
Injury	36	12	12	10	18
Disablement	3	5	9	11	7
Death Benefit	0	0	0	0	0
Funeral Grant (EI)	0	0	0	0	0
Outcome of Appeal	140	41	40	47	45
Ruling for SSB	85	30	29	31	26
Ruling for Appellant	51	2	1	12	9
Cases Pending/adjourned	4	9	10	4	10

Source: Social Security Board



NATIONAL HEALTH INSURANCE (NHI)

This section presents data on National Health Insurance (NHI) Membership, Expenditure, Primary Care Providers, Patients Getting Prescription, Patients Getting Lab Referral, Patients Getting Imaging Referral, and Most Common Medication & Laboratory Test. The main source of data is the NHI Services.

In August 2001, the Government of Belize implemented the NHI Pilot project in the South Side of Belize City. This was part of the overall Health Sector Reform project which had as one of its primary objectives the delivery of quality primary health care that is accessible to the population in an equitable, sustainable and efficient manner. In 2006, the NHI program was rolled out to the Southern Region of Belize, namely, Stann Creek and Toledo District. Initial financing of the Scheme came from SSB but eventually Government began to take up an ever increasing portion of the budgetary commitment. In 2009, the NHI became fully funded by the Government of Belize.

The evaluation of the Pilot Project and subsequent assessments have provided solid evidence that the NHI Scheme has had significant impact on the quality and accessibility of primary care service delivery for the people of the South Side Belize City and the Southern Region. The Pay for Performance scheme has been successful in stimulating productivity and quality in both private and public medical care providers.



Table 4.1
NHI Membership by Primary Care Providers,
2007 - 2011

Primary Care Providers	Year				
	2007	2008	2009	2010r	2011p
Total	70,426	81,129	87,192	91,041	94,847
Southside Belize City	42,224	42,922	44,686	46,069	47,146
Belize Family Life Association	7,808	8,451	9,270	10,069	11,146
Belize Health Care Partners	12,576	12,000	12,000	12,000	12,000
Belize Medical Associates	9,710	10,471	11,416	12,000	12,000
Matron Roberts Clinic	12,130	12,000	12,000	12,000	12,000
Mercy Clinic	-	-	3,000	3,000	3,000
Southern Region	28,202	38,207	42,506	44,972	47,701
Dangriga	5,940	9,912	11,558	12,642	14,000
Independence	9,452	11,413	12,280	12,631	12,731
Punta Gorda	6,457	8,944	9,995	10,646	11,500
San Antonio	6,353	7,938	8,673	9,053	9,470

Source: NHI, Social Security Board

Table 4.2
Percent of NHI Patients Receiving Prescription by Primary Care Providers,
2008 - 2011

Primary Care Providers	Year			
	2008	2009	2010r	2011p
Southside Belize City				
Belize Family Life Association	85%	85%	84%	84%
Belize Health Care Partners	83%	87%	89%	87%
Belize Medical Associates	78%	84%	85%	84%
Matron Roberts Health Clinic	80%	80%	82%	60%
Mercy Clinic	-	93%	98%	98%
Southern Region				
Dangriga	88%	86%	86%	84%
Independence	92%	83%	87%	86%
Punta Gorda	92%	92%	91%	92%
San Antonio	92%	97%	98%	96%

Source: NHI, Social Security Board



Table 4.3
Percent of NHI Patients Receiving Lab Referral by Primary Care Providers,
2008 - 2011

Primary Care Providers	Year			
	2008	2009r	2010r	2011p
Southside Belize City				
Belize Family Life Association	45%	53%	70%	62%
Belize Health Care Partners	44%	50%	62%	59%
Belize Medical Associates	55%	59%	71%	61%
Matron Roberts Health Clinic	36%	45%	54%	53%
Mercy Clinic	-	37%	78%	90%
Southern Region				
Dangriga	15%	9%	17%	21%
Independence	2%	1%	3%	4%
Punta Gorda	28%	26%	32%	27%
San Antonio	10%	14%	17%	15%

Source: NHI, Social Security Board

Table 4.4
Percent of NHI Patients Receiving Imaging Referral by Primary Care Providers,
2008 - 2011

Primary Care Providers	Year			
	2008	2009r	2010r	2011p
Southside Belize City				
Belize Family Life Association	29%	34%	40%	37%
Belize Health Care Partners	30%	28%	32%	34%
Belize Medical Associates	36%	34%	41%	40%
Matron Roberts Health Clinic	24%	28%	30%	39%
Mercy Clinic	-	-	37%	49%
Southern Region				
Dangriga	8%	5%	12%	13%
Independence	-	-	-	-
Punta Gorda	9%	12%	16%	13%
San Antonio	5%	12%	13%	10%

Source: NHI, Social Security Board



Table 4.5
Mean Number of Consultations Per Patient by Primary Care Providers,
2008 - 2010

Primary Care Providers	Year			
	2008	2009r	2010r	2011p
Grand Mean	3.5	3.5	3.8	3.8
Southside Belize City	3.9	2.8	3.0	3.0
Belize Family Life Association	4.3	4.5	5.0	4.9
Belize Health Care Partners	3.8	4.0	4.5	4.3
Belize Medical Associates	4.4	4.6	5.0	4.7
Matron Roberts Health Clinic	3.1	3.4	3.9	3.9
Mercy Clinic	-	1.5	7.3	7.3
Southern Region	3.2	2.8	3.0	3.0
Dangriga	2.8	2.5	2.8	2.8
Independence	4.1	2.7	3.1	2.6
Punta Gorda	3.1	3.0	3.2	3.2
San Antonio	2.4	3.2	3.1	2.9

Table 4.6
NHI Ten Most Common Primary Diagnosis by Frequency,
2011

Primary Diagnosis	Year	
	2011p	
	Quantity	%
Total	132,725	100.0
Acute Respiratory Infections	22,384	16.9
Maternal Care	15,237	11.5
Hypertension	12,800	9.6
Normal examinations	9,526	7.2
Diabetes	5,703	4.3
Immunizations	3,848	2.9
Urinary Tract Infections	3,661	2.8
Diarrhoeal Disease	3,089	2.3
Gastritis	1,407	1.1
Headache	1,357	1.0
Other	53,713	40.5

Source: NHI, Social Security Board



Table 4.7
NHI Most Common Medication & Laboratory Test by Expenditure,
2011
(BZ\$)

Medication & Laboratory Test	2011p
Medication	\$663,691
Enalapril (Ace Inhibitor) Oral 20mg Tablet	\$102,337
Atorvastatin Oral 20mg	\$87,502
Co-Amoxiclav Oral 500/125 mg/5ml	\$84,231
Metformin Oral 500mg	\$80,722
Atorvastatin Oral 10mg	\$64,939
Losartan oral 50mg tablets	\$58,994
Glibenclamide Oral 5mg	\$52,103
Co-Amoxiclav Oral 250/62.5 mg/5ml	\$46,368
Ciprofloxacin oral 500 mg	\$45,120
Injection 70/30 insulin 100iu/ml vial 10 ml	\$41,376
Laboratory Test	\$819,483
Lipids	\$142,300
Complete Body Count (CBC) with Differential*	\$110,467
Microalbuminuria*	\$106,485
HIV-1 Antibody Screen	\$96,690
Urinalysis	\$76,983
Hemoglobin A1c	\$69,519
Cyropath, Pap	\$59,348
Prostate, Specific Antigen*	\$53,569
Glucose Tolerance Test	\$53,157
Chemistry 6 Pane*1	\$50,966

Source: NHI, Social Security Board



INVESTMENTS

This section presents data on investments, investment income, investment per capita, inflation rate, and rates of return on investments. The main source of data is the Social Security Board's Investment Services. The only exceptions are the data on inflation rate and on population which were gotten from the SIB.

Investments made by SSB play a major role in sustaining and developing Belize's economy. SSB investments are made in a wide spectrum of Belize's economic sectors and are based on the type of economic activity carried out by the investment recipient. These economic sectors include: Banking, Agriculture, Education, Housing, Utilities, Tourism, Financial Institutions, Real Estate and Other. SSB generates revenue from contributions made by the insured persons. Contributions collected are used to meet operating expenses and to payout benefits expenditure; any surplus is invested as per stipulation and guidelines of the Act.

In this section, investment data were presented yearly and cumulatively. Investments are the total investments made in a particular year while the total investment as at December 31 is the increase in the investment by successive yearly additions.



Chart 4
Investment by Sector as at December 31,
2007 - 2011

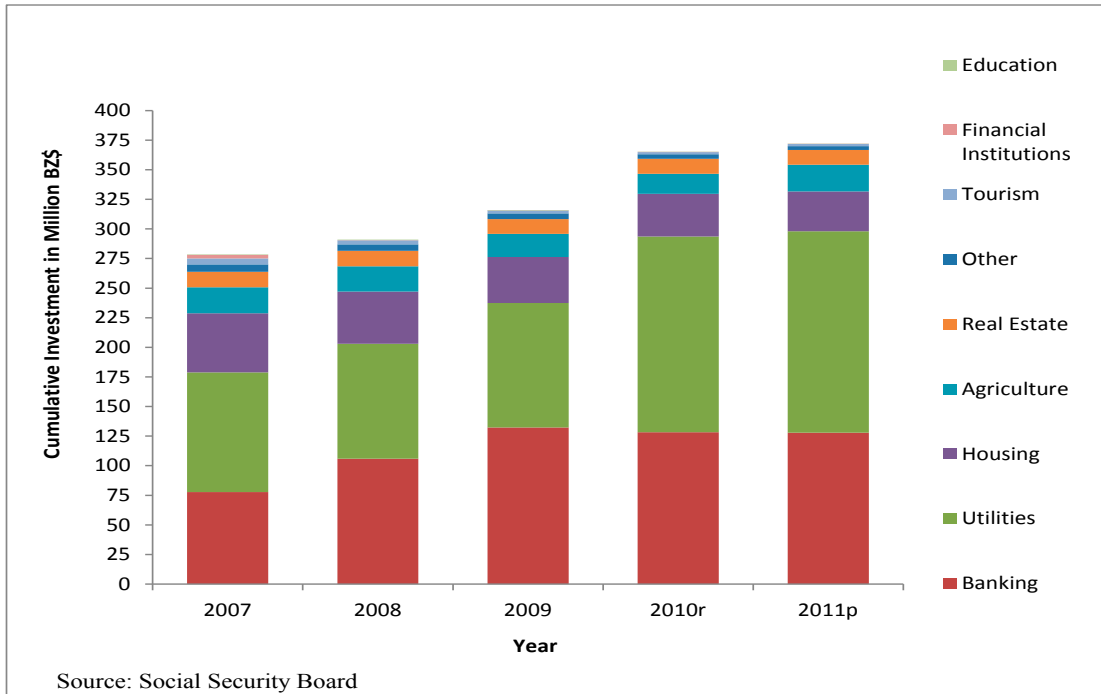


Chart 5
SSB Increase in Investments & Net Investment Income,
2007 - 2011

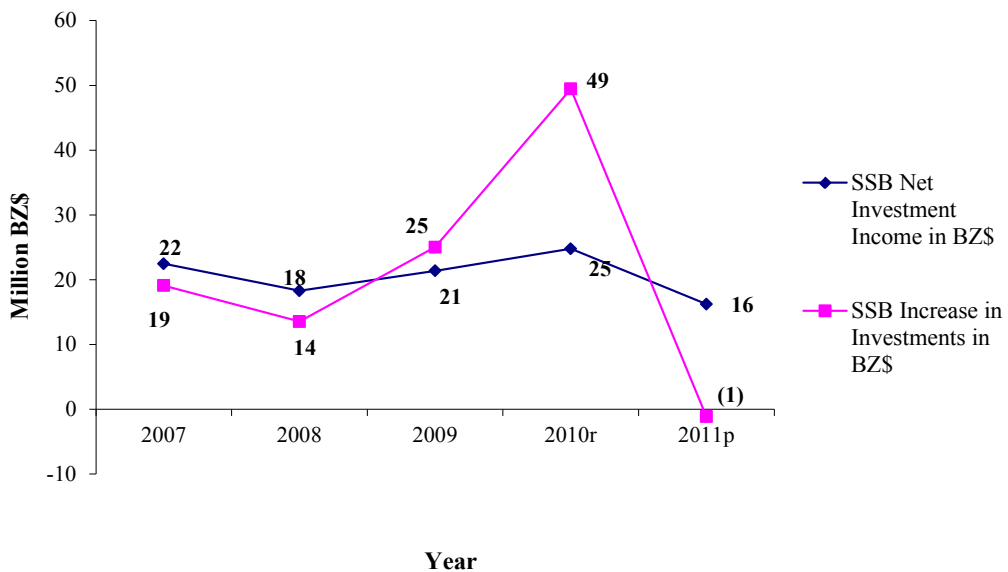




Table 5.1
Investment Portfolio Allocations by Sector as at December 31,
2007 - 2011
(BZ\$)

SECTOR	2007		2008		2009		2010r		2011p	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Total	\$271,427,249	100.0	\$284,984,237	100.0	\$310,011,399	100.0	\$359,458,403	100.0	\$358,346,878	100.0
Utilities	\$100,995,227	37.2	\$97,055,793	34.1	\$105,124,033	33.9	\$165,277,523	46.0	\$170,042,684	47.5
Banking	\$77,722,283	28.6	\$105,837,546	37.1	\$132,209,411	42.6	\$128,364,024	35.7	\$127,918,402	35.7
Housing	\$49,968,668	18.4	\$44,121,456	15.5	\$38,962,659	12.6	\$35,934,629	10.0	\$33,656,065	9.4
Agriculture	\$22,095,560	8.1	\$21,487,207	7.5	\$19,459,052	6.3	\$17,002,929	4.7	\$22,540,974	6.3
Real Estate	\$13,058,189	4.8	\$12,938,751	4.5	\$12,575,337	4.1	\$12,598,049	3.5	\$12,533,449	3.5
Other	\$6,142,616	2.3	\$5,474,718	1.9	\$4,753,927	1.5	\$3,999,362	1.1	\$3,156,520	0.9
Tourism	\$5,139,509	1.9	\$3,535,576	1.2	\$2,390,877	0.8	\$1,749,478	0.5	\$1,872,086	0.5
Education	\$420,231	0.2	\$381,146	0.1	\$339,213	0.1	\$292,519	0.1	\$243,533	0.1
Financial Institutions	\$3,051,967	1.1	\$152,490	0.1	\$152,490	0.0	\$170,890	0.0	\$170,890	0.0
Less Provision for Loss on Investment	(\$7,167,000)	(2.6)	(\$6,000,446)	(2.1)	(\$5,955,600)	(1.9)	(\$5,931,000)	(1.6)	(\$13,787,725)	(3.8)

Source: Social Security Board



Table 5.2
Investment Indicators,
2007 - 2011

Indicators	Year				
	2007	2008	2009	2010r	2011p
Population Estimate	311,480	322,100	333,200	312,971	NA
Investment (BZ\$)	\$271,427,249	\$284,984,237	\$310,011,399	\$359,458,403	\$358,346,878
Increase in Investments (BZ\$)	\$19,109,973	\$13,556,988	\$25,027,162	\$49,447,004	(\$1,111,525)
Net Investment Income (BZ\$)	\$22,462,875	\$18,298,240	\$21,378,171	\$24,784,437	\$16,225,799
Investment Per Capita (BZ\$)	38.13	30.75	39.67	89.33	NA
Investment Income Per Capita (BZ\$)	72.12	56.81	63.97	79.19	NA
Inflation Rate	2.3	6.4	(1.1)	0.9	1.5
Nominal Rate of Return on Investments in Percent	8.9	6.8	7.5	7.7	4.6
Real Rate of Return on Investments in Percent	6.5	0.4	8.6	6.7	3.1

Source: Social Security Board and Statistical Institute of Belize

NA - Not available since SIB has not released Belize's 2011 population data.

Please note that nominal and real rate on investments for the period 2007 - 2010 have changed since a new formula (from ILO) for calculating nominal and real rate of return on investments is now being used.



SOCIAL SECURITY BOARD

Annual Actuarial Performance Review

of the Social Security Scheme (2010)

Hernando Pérez Montás
Actuarial Consultant

October, 2011



BELIZE

Actuarial Review of the Social Security Scheme (2011)

**Hernando Pérez Montás
Actuarial Consultant**

17 September, 2012



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Appendix F	Basic Data and Assumptions



Glossary of Terms

Adapted from the ILO/ISSA publication “Actuarial Practice in Social Security”, Plamondon, Drouin, Pérez Montás, etc. (2002)

Assessment of Constituent Capitals

A financial system applied to employment injury benefits under which the annual cost of the scheme is determined as the present value of all future payments relative to pensions awarded during that year. Under that system, a reserve is continuously maintained equal to the present value of pensions in payment. This is sometimes designated as “terminal funding” system of finance.

Defined-benefit scheme

A scheme under which the benefit is a defined amount, which depends on the number of contributions or insurance years and on the amount of insurable earnings.

Defined-contributions scheme

A pension plan under which contributions are paid to an “individual account” for each participant. The retirement pension is “undefined” and is dependent on the capitalized balance and the value of annuities at retirement, usually through for-profit entities (financial institutions or insurance companies).

Financial system

The systematic arrangement for raising the resources necessary to meet the financial obligations of a scheme. This is an expression often used to refer to the selected method of financing long-term pensions under a defined-benefit scheme (pay-as-you-go, partial funding or full funding).

Level or average premium

A financial system based on a theoretical constant contribution rate that can be applied indefinitely or for the projection period. It is calculated by equating the present value of projected future contributions of active insured persons and new entrants, plus the value of existing reserves, to the present value of projected future benefit and administration expenses.

Pay-as-you-go rate (PAYG)

The ratio of the total expenditure of a scheme to the sum of insurable earnings of that scheme. The PAYG financial system is usually applied to short-term benefits.

Period of equilibrium

As stated below in “scaled premium system”, in actuarial valuations of a national pension scheme, the period of equilibrium measures the number of years when reserves will be increasing. At the end of the period of equilibrium income from contributions and investments equal benefit and administrative expenditure, according to the actuarial assumptions. Without an adjustment to the contribution rate, assets will need to be liquidated to pay current expenditure and reserves will begin to decrease.

Scaled premium system



A financial system for pensions under which contribution rates are increased throughout the life-cycle of a pension scheme on a step-by-step basis (where the duration of each individual “step” is called the “**period of equilibrium**”). In a more narrow definition, the contribution rate is calculated for a defined period of years, that is, a “period of equilibrium” (which often ranges from ten to 25 years), with the objective of equating, at the end of the period of equilibrium, the income from contributions and the investment income to the expenditure on benefits and administration.

State Plan

A term used in accounting standards for a pension plan sponsored by a State or Government on a not-for-profit basis, and therefore with indefinite duration, as opposed to pension plans sponsored by an enterprise which can become insolvent if the enterprise fails.

Terminal funding

A financial system under which a premium equal to the present value of a pension is paid at the time the pension starts. The premium is set aside as a reserve as the guarantee of future benefit payments.



BELIZE
SOCIAL SECURITY BOARD
Actuarial Review of the Social Security Scheme
(2011)

Introduction

Pursuant to the provisions of Section 45 of the Social Security Act (1979) an actuarial analysis of the operations of the scheme, the financial condition of the Fund and the adequacy of the contribution to support benefits was carried as at 31 December 2011.

As a by-product of the valuation, amendments to the benefit structure and the financing bases are set forth in the report, to ensure the adequate development and the financial sustainability of the scheme, in accordance with international standards and benchmarks.

A summary of the main findings and recommendations is set out in Chapter I of the report, while Chapter II describes the legal bases and the financial operations. Chapters III and IV and V present the actuarial analysis of the short-term benefits branch, the employment injury branch, and updates the 2008 analysis and projections of the long-term branch. Chapter VI assesses the NHI project, as required by Part VI of the Act, and Chapter VII evaluates the Investment Performance, as required by the Third Schedule of the Act. Appendices deal with specific aspects of the scheme.

Attestation

The cost, liabilities and other bases utilized in the valuation have been determined using reasonable methods and generally accepted assumptions that, in our opinion, provide a reasonable estimate of the anticipated plan requirements and development. The report has also been formulated to the extent possible, according to preliminary guidelines issued by the International Actuarial Association for actuarial valuations of Social Security Programs.

For Consultores Actuariales, S.A.

Hernando Pérez Montás
Consulting Actuary



Executive Summary

The statutory actuarial valuation shows that the actuarial maturity of the scheme is proceeding at a steady pace, as shown by higher actuarial costs of the long-term branch. The employment injury branch is overfunded and has accumulated a substantial surplus. Thus a transfer of reserves to the other two branches as well as a reallocation of the contributions among the branches are needed to ensure the financial sustainability of the short-term branch, with reserves that will fall below the minimum ratio stipulated in the regulations in 2012, and become insolvent in 2014.

However, due to a persistent economic downturn and higher employment rates, no amendments to the contribution rates or the ceiling on insurable earnings are desirable at present, except for minor adjustments to the minimum contributions by insured persons and the elimination of the low income wage-groups, in correlation with a recent increase in the minimum wage.

Contributions only covered 94% of total expenditure (97% in 2010), with the gap to be covered by a wider share of investment income; the rates of return on investments decreased sharply to 2.42% (5.5% in 2010), due in part to an accounting provision for potential investment loss of \$7.9 million, but reserves increased to \$410 million (\$397 million in 2010), due to the share of investment income allocated to capitalize the reserves. Of special concern is the significant reduction of the rates of interest payable at present by the financial sector, an issue the Board plans to address by re-designing the strategic asset allocation and the investment policy.

Critical tasks for 2012/2013 also include an update of the legal bases, including anomalies in the provisions of the self-employed scheme and invalidity grants, the application of strict cost-containment strategies to control the cost of administrative expenditure, to be focused on non-recurrent and project expenses, and a definition of the future financial burden of the non-contributory pension scheme, which management has managed to curtail.

For the medium term (3 to 5 years), structural amendments to the financing bases and specific benefit provisions will be required, to ensure the long-term actuarial solvency of the scheme, as shown in the attached matrix of legal amendments.



I

SUMMARY AND RECOMMENDATIONS

1. Scope of the Analysis

In accordance with the provisions of Section 45 of the Social Security Act, an actuarial review of the scheme was carried out as of 31 December 2011, to assess the performance of the benefit branches, the financial condition of the Fund, and the adequacy of the statutory contributions to support the benefit provisions. The review was based on the legislative provisions in force, including amendments introduced since the last review. The actuarial review required the assessment of the expected cost of each branch of benefits, and an update of the period of financial equilibrium of the long-term branch which could be sustained under the present level of financing.

2. Global Assessment

The actuarial valuation shows that, despite a persistent economic downturn and high unemployment, the Social Security Board has been able to achieve a satisfactory level of contribution income. Benefit expenditure of the short-term and employment injury branches also remained stable, as well as administrative expenditure, but long-term branch expenditure continued to increase, a normal process as the actuarial maturity of the branch advances.

Investment income in 2011 was impacted by a substantial accounting provision for non-performing investments, causing a decline in the rates of return below the anticipated actuarial rates. Furthermore, financial institutions have been reducing the rates of interest payable on fixed deposits, which have also affected the rates of return of the investment portfolio in the current year, in correlation with a similar reduction in interest rates in North America and other regions, in an environment of low inflation. This situation, should it continue, does not bode well for the long-term branch, with a capitalization of reserves arising exclusively from a declining share of investment income.

The valuation also shows that the share of contributions allocated to the short-term branch is insufficient to cover the expenditure, with a steady decline in reserves which are expected to fall below the minimum statutory amount stipulated in the financial regulations in 2012. The employment injury branch continues to be overfunded, accumulating reserves far in excess of the actuarial requirements, while the long-term branch expenses continue to exceed the allocation of contributions by a wider margin, with the deficit compensated by a share of investment income.

3. Consolidated Trends

The valuation shows a satisfactory financial and actuarial performance, with a stable level of contributions, a remarkable performance in view of the worldwide economic slowdown that has impacted adversely the economy of Belize. Consolidated benefit expenses evolved at a moderate pace, with lower non-contributory, employment injury, and administrative expenditure offsetting the secular increase in retirement pensions. Investment income declined from \$24.8 million to \$16.2 million, due basically to a provision for investment losses.



Despite the residual incidence of the financial crisis, as shown by a significant increase in the unemployment rate and related economic indicators, the 2011 actuarial performance of the scheme was better than anticipated.

Total income of \$78 million, was lower than the \$86 million recorded in 2010, and net income decreased to \$13.3 million, \$10 million less than in the previous year. The data excludes GOB transfers for NHI.

Taking into consideration that the capitalization of the scheme arises exclusively from a decreasing share of investment income, with a negative gap between contributions and total expenditure \$3.8 million in 2011 (\$1.93 million in 2010), which is projected to increase gradually based on legal provisions in force, the Board is advised to restrict new investments in non-liquid obligations, to avoid an erosion in the liquidity status of the scheme, until the ceiling or the rate of contributions is updated, in accordance with actuarial recommendations. Liquid obligations mean not only financial deposits but other instruments that can be liquidated without a substantial capital loss.

The Short-term branch showed a negative performance, as the legal amendments setting the allocation to the branch of 25% of contribution income have not been enacted yet. As a result, the EI branch continues to be overfunded and the Short term branch underfunded. The reserve position of the Disablement & Death branch has remained stable. The Long-term branch continues to accumulate reserves, but at a lower pace than in previous years, a normal process as the maturity of the branch advances and the period of equilibrium is shortened.

4. Remedial Actions to be Addressed Medium Term

Amendments to the financial and benefit regulations are required to address the issues stated in the preceding section. First and foremost, a re-allocation of the contribution rate and a transfer of reserves among the benefit branches is urgently required to restore the actuarial solvency of the short-term branch, to guarantee the financial sustainability of the employment injury branch, and to strengthen the reserve position of the long-term branch.

Another set of legal amendments is also required, to address distortions in the financing structure and benefit and eligibility provisions, including the non-contributory pension scheme and the self-employed scheme, as well as the elimination of the minimum wage bands of contributions, to restore contribution in accordance with the recent increase in the minimum wage.

Several of the amendments should be introduced in 2012, while others would be introduced gradually as from 2013 as the economy show steady signs of recovery, to avoid a negative impact on labour costs and on employment creation.

A prudent investment policy is essential at this juncture, as the amount of fresh funds for investment tends to decrease steadily, until the ceiling or the rates of contributions are updated.

The Board and management are also advised to keep the level of administrative expenditure



stable, and to seek cost-containment strategies to minimize the high level of operational costs, which exceeds accepted benchmarks due basically to the maintenance of a static insurable earnings ceiling, thus restraining contribution income, while expenses are progressing in correlation with consumer prices.

5. Key Actuarial Findings

The actuarial assessment shows:

- The need to update the financing of the short-term branch at the expense of the actuarial financing of the EI branch, because otherwise the reserves will again fall below the statutory minimum in 2012.
- The reduced allocation of contribution income to the EI branch will not have an incidence on the actuarial surplus of the branch. A transfer of surplus reserves estimated at \$53 million, from the EI branch to the other branches might also be desirable.
- The need to enact additional legal amendments under consideration by the Board, including the minimum level of contributions, provisions of the self-employed scheme, and related issues, is shown below.
- A positive operational performance as management has been able to contain the actuarial cost of administration, despite a frozen ceiling on contributions and the economic slowdown. However, a substantial decline in the actuarial cost of administrative expenditure would only be feasible once the ceiling or the rate of contributions is updated.
- The performance of the long-term branch has been adequate, with reserves increasing at a stable pace, despite the slowdown in the economy. However, the period of equilibrium is reaching a critical stage, due to the actuarial maturity of the branch, with reserves equivalent to only seven years of expenditure and a period of equilibrium which is decreasing.
- Cost-containment strategies have yielded a reduction in non-contributory pensions, as evaluation procedures were tightened by management.

1. Reallocation of the Contribution Rates

As stated in the report, the Board is advised to recommend the following amendments to the contribution rates, to restore the financial solvency of the short-term branch and strengthen the accumulation of reserves of the long-term branch.



Branch	Percent of Contributions		Percent of insurable earnings	
	Actual	Proposed	Actual	Proposed
Short-term	19.25	27.50	1.54	2.20
Employment injury	24.50	12.50	1.96	1.00
Long-term	56.25	60.00	4.50	4.80
Total	100%	100%	8.00%	8.00%

2. Short-Term Benefit Branch

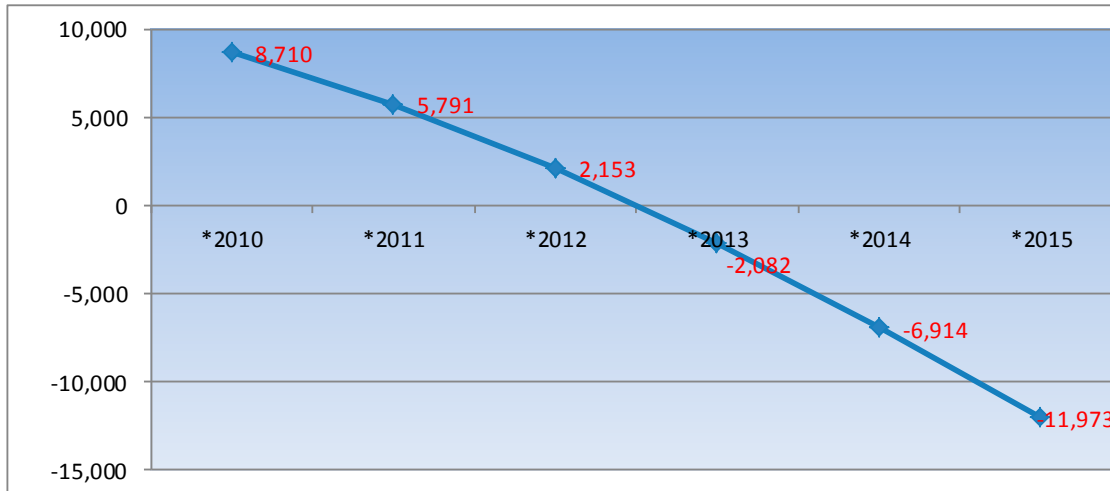
The transfer of \$15 million of EI branch surplus reserves in 2008 restored temporarily the balance of reserves of the Short-term branch above the statutory minimum required by Section 17 (1) of the Financial Regulations. However, in 2011 the reserves of the short-term benefit branch continued the steady decline, from \$8.7 million to \$5.8 million, as expenses exceeded contributions and investment income.

The analysis shows an actuarial cost of the short-term branch of 2.03% of insurable earnings for the period 2012/13, exceeding the present allocation of 1.54% of salaries (19.25% of contributions) by a substantial margin. Therefore, without a re-alignment of the contribution rates between the EI branch and the short-term branch, reserves would continue to decrease below the statutory minimum early in 2012 and consume the reserves in 2013. **Therefore, a further adjustment to the financial regulations is required, assigning to the Short-term branch 27.5% of contributions (rather than the 25% recommended last year).** This will guarantee the actuarial solvency of the branch without further adjustments, jointly with the recommended transfer of reserves.

Once the contraction of the Belize economy subsides, amendments to additional key provisions of the short-term branch are advisable. In this regard, it is also reiterated that the 2001 elimination of the waiting period for the payment of sickness allowances exceeded acceptable standards, and sickness allowances should continue to be paid in practice on the day following the onset of incapacity, until the SSB is able to restore a two-day waiting period, still below the statutory provisions in most countries in Central America and the Caribbean. This would reduce considerably the administrative workload of both the SSB and the employer, yield a marginal reduction in actuarial costs, and reduce the incidence of frivolous claims. As to the benefit formula, the rate for sickness and maternity allowances was raised from 60% to 80% of insurable earnings in 2001, which also exceeds acceptable standards. A re-adjustment to 70% is also advisable.



Short-Term Branch Projection of Reserves (in thousands of BZ\$) Present Provisions



3. Employment Injury Branch

The EI branch experienced an exceptionally positive actuarial performance, with an operational surplus of 1.35% of insurable earnings, due to reduced expenditure in short-term cash benefits.

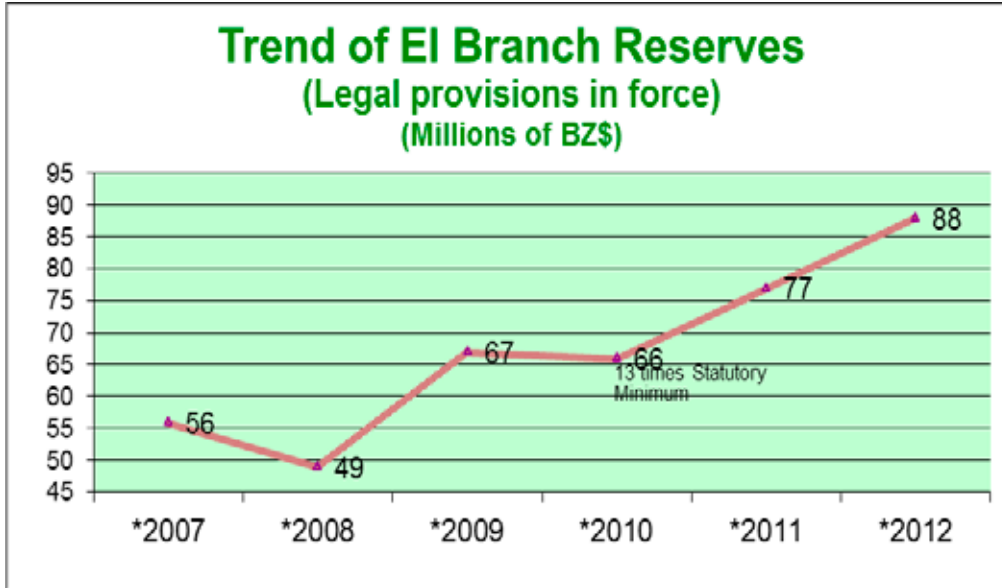
The surplus of \$10.3 million contributed to augment the reserve to \$77.3 million, more than 17 times the minimum stipulated in Section 17 (2) of the financial regulation, indicative that the contribution rate assigned to the branch exceeds the actuarial requirements.

For 2012/13 total expenses are assessed at 1.20% of insurable earnings, lower than the present allocation of 1.96% of insurable earnings to the branch (24.5% of contribution). Adding investment income on the reserves, which yielded 0.45% of insurable earnings in 2011, ensures a steady accumulation of reserves in future years, augmenting the surplus position of the branch, even after the re-allocation of a share of the contributions to the other benefits branches.

As the two other branches require a strengthening of the financial bases, a transfer of reserves to the long-term branch, to extend the actuarial period of equilibrium, and to the short-term branch, to ensure a level of contingency reserves above the statutory minimum, is also required. **It is anticipated therefore that an adjustment of the allocation to the EI branch of 1.0% of insurable earnings (12.5% of contributions), ensures the actuarial solvency and sustainability status of the EI branch for the foreseeable future, as investment income on the accumulated reserves will compensate any emerging deficits between contributions and expenses, including the additional expenses of the**



Social Development Account transferred to the branch as from 2009 (Section 14 (1:01) of the Financial Regulations).



As to the **Disablement and Death** sub-branch, the level of reserves remained practically stable at \$16.6 million in 2011, equivalent to 94% the present value of pensions in payment with a 5% discount rate, and 104% with a 6% rate of return, in accordance with the terminal reserve actuarial method applicable to the EI pensions in force. It is noted that the mortality rates of disabled pensioners should be higher than non-disabled pensioners. Widows(ers) benefits might also cease in case of remarriage or on attaining age 50 with no eligible children entitled to benefits, and children’s death benefits are temporary until age 16, or 21 if receiving full time education. The concept “deemed to be married” should be clarified in the regulations.

The SSB agenda should also recommend updating the partial disablement tables (Second Schedule, Section 43, and section 42 of the Benefit Regulations), as well as restricted provisions for “temporary” disability, as shown in this report. The substantial actuarial surplus of the EI short-term branch is deemed adequate to cover any marginal increase in benefit expenditure.

9. Long-Term Branch

The actuarial maturity of the long-term branch continues to increase, as expected, as new pensions in force exceed the rate of increase in contributions and investment income. The “current” operations (contributions less expenditure) yielded a deficit of 0.74% of insurable earnings in 2011, as compared to a deficit of 0.48% in 2010. The total surplus declined to only 0.92% of insurable earnings in 2011, from 2.08% in 2010.

As from 2008 total expenditure has started to exceed contributions, with the future increase in reserves arising exclusively from a declining share of investment income, a situation that was



accelerated by the addition of non-contributory pensions to males and the adjustment of the basic rate to \$100 per month.

Operational surpluses are expected for a few more years, due exclusively to the incidence of investment income, extending the growth of reserves until total expenditure exceeds total income, a process that could be delayed temporarily by adjustments to the contribution rate, an update to the ceiling on contributions, and other amendments to the benefit provisions.

At the close of 2011 the branch reserves were equivalent to 7.6 times the 2011 expenditure, a ratio that will decline steadily as shown in the projections. Before the period of equilibrium is reached, assessed in the present valuation at approximately 7 to 7.5 years, the rate of contributions should be increased, to avoid the liquidation of investments in order to pay benefits, as shown in Table 42.

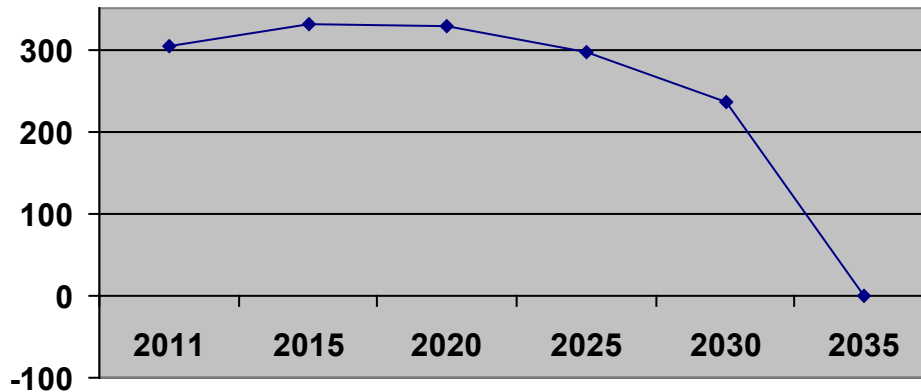
It is recalled that the first increase, from 3.5% to 4.5% of insurable earnings took place in 2004. The next increase should take place before the end period of equilibrium and should entail a 2% increase in the rate of contributions allocated to the branch. Postponing the increase would imply more severe adjustments in the future. However, a series of parametric adjustments might delay the required increase in the rate of contributions for several years, as well as a transfer of EI surplus reserves and the payment of NCP by the Government.

The regular valuation, assuming a 5% nominal rate of return on the investment portfolio allocated to the long-term branch, shows a steady increase in “current” deficits (contribution less expenditure). However, reserves will continue to increase, due to the incidence of investment income, for a period of equilibrium of about 7 years under the regular valuation, plus or minus 0-5 years according to sensitivity tests based on the rate of return on investments. Thereafter, in the absence of amendments to the financing provisions, the reserves would start to decline, as total income (contributions plus investment income) would become lower than total expenditure. Under this scenario, investments would have to be liquidated to meet current expenditure.

The actuary is in accordance with the amendments proposed by the Board to the non-contributory pension scheme. Such amendments would contribute to an extension of the period of equilibrium. Projections are subject to significant deviations over time, based on the difference between actual versus expected performance of a complex series of actuarial parameters of demographic, biometric and financial natures. It is also reiterated that the projections are based on legal provisions in force, which are likely to be amended medium-term, such as the initial retirement age, which most countries are increasing gradually, due to the longer life expectancy of populations and the added cost to national pension schemes. For these reasons, projections as well as the assumptions underlying the projections are to be updated as at 31 December 2012. Nevertheless, the medium-term projections provide sufficient evidence of the need to introduce a series of amendments to the financial and benefit bases of the scheme.

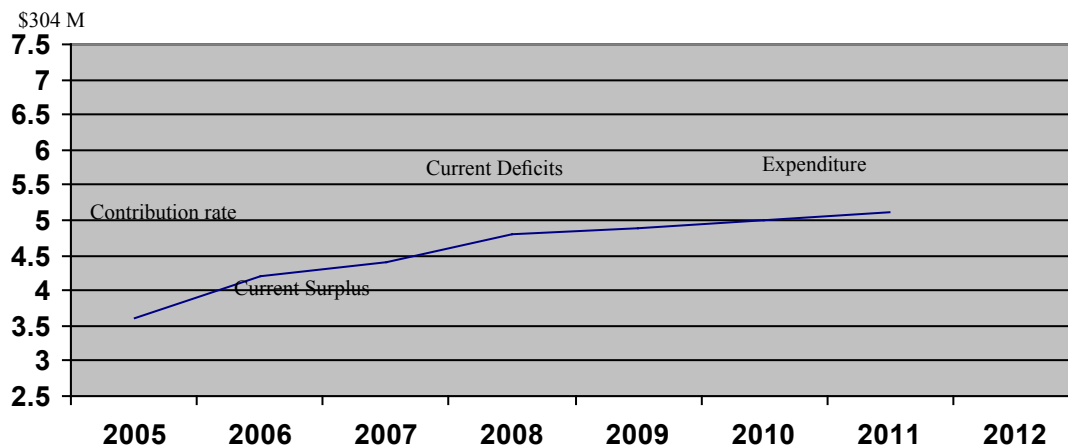


PROJECTION OF LONG-TERM RESERVES (present provisions)



PROJECTED PAYG PREMIUM - LONG-TERM BRANCH

Millions of BZ\$ (Expenditure as a % of insurable earnings)



As from 2008, expenditure exceeds contributions of 4.5% of insurable earnings on a sustainable basis. Deficits are covered by a share of investment income.

10. National Health Insurance Project

As from the second-half of 2009 the pilot project is being financed exclusively by GOB transfers, as the original SSB Fund was consumed by mid-year, with no additional funds available from the EI branch. The expansion of the project would entail additional costs that, according to the financing model, can be obtained by combined payroll contribution and GOB transfers, to be actuarially assessed. Full geographical coverage as from 2013 would require substantial additional funds, as set forth in the NHI Actuarial Assessment and Financing Options submitted in 2008. It would also be necessary to set up a comprehensive management structure and to coordinate with the MOH the distribution of medical services between the two entities.



Key policy decisions require a definition of:

- A sustainable and transparent NHI financing scheme.
- A restricted or comprehensive package of benefits.
- The specific geographical areas to be included.
- The NHI operational structure.

As stipulated in Part VI of the Social Security Act, the Board has been entrusted with the management of the National Health Insurance Scheme. However, the financing regulations have yet to be enacted and transitional pilot projects have been in operation in specific areas of Belize City and more recently in the Southern Region (Steen Creek and Toledo Districts).

The analysis presented in Chapter VI of this report, pursuant to the provisions of Part IV of the Social Security Act, shows:

a) **A level of reserves equivalent to about 1.6 months of expenditure**, below international accepted benchmarks. The ratio would decline further, if the outstanding claims are deducted from the reserves. Therefore, a key task of the NHI is to strengthen the Fund Ratio with contingency reserves equivalent to six months average expenditure, to cover potential increases in claims and/or delays in GOB transfers.

b) A 4% increase in the number of beneficiaries, with static expenditure in 2011,

c) Stable actuarial cost of 6.27% of the wage-base of the targeted population, as compared to 5.29% in 2010.

11. Performance Analysis of the Self-Employed Scheme

Provisions for **voluntary insurance** of former salaried workers have been in force since the inception of the scheme. However, the number of workers availing themselves of the voluntary insurance window to continue to accumulate credits for retirement has been minimal. As from November 2003, in response to a specific request by self-employed workers and after extensive countrywide consultations, formal provisions allowing self-employed persons to become insured, **on a voluntary basis**, were introduced.

The 2011 experience shows that contributions by self-employed persons are stagnant in relative terms. Therefore, in the absence of amendments to the legislation, there is a significant potential for rather high long-term actuarial costs of benefits to participants having paid only a fraction of the actuarial cost, funded by salaried insured persons.

The statistics also show that demand for short-term benefits has been intense, particularly for maternity and sickness benefits, **risks that are usually excluded in voluntary self-employed schemes**. The generous 80% rate of sickness allowance without a “waiting” period and entitlement with only 50 weekly contributions, of which at least five are payable in the 13 weeks before the onset of the sickness, exposes the scheme to substantial actuarial deficits due to potential claims by persons with pre-existing or emerging medical conditions.

The analysis shows that compliance indicators of the self-employed scheme have been very deficient, with 2960 registrations since the commencement of the scheme in October 2002 but only 948



active contributors in 2011. As compared to the general scheme, the wage distribution of active self-employed persons is heavily skewed towards the low income segment, 31% with earnings in the low categories as compared to only 28% in the general scheme, and only 20% with earnings of \$280 per week and over, as compared to 33% in the general scheme.

The age distribution shows that one-third of the self-employed are over 55 years of age as compared to only 7% in the general scheme, a latent indicator of “adverse selection” by a specific segment of the self-employed (who will obtain a substantial **financial gain** from the scheme), yielding emerging actuarial deficits, in particular if those who ceased making contributions decide to re-activate their participation a few years before reaching normal retirement age, in order to qualify for a life pension having paid only a fraction of the actuarial cost.

The data also shows that one out of every 4 or 5 active contributors submits a short-term benefit claim per year. With benefit and administrative expenses assessed at one-half the 7% contribution rate, the remainder has to finance Long-term branch pensions and EI disablement and death pensions, **which could start on an increasing basis as soon as the qualifying conditions are met in 2013 (500 weekly contributions for age pensions) or immediately for invalidity pensions (150 weekly contributions).**

In view of the above, the omissions or lack of clarity in the Regulations dealing with compliance (eg. Section 3 (3), and the voluntary nature of the scheme (allowing persons over 50 years of age to register, pay for a few weeks, and obtain sickness and life pensions with a minimum amount of \$47 per week), **the SSB is advised to submit amendments to the scheme, starting with the exclusion of “housewives” as self-employed persons. Otherwise, additional actuarial costs would impact negatively on the actuarial situation of the benefit branches, in particular the long-term branch.**

Key recommendations are as follows:

- a) Eliminate coverage of EI for the self-employed and for housewives
- b) Set a scale of five “notional” earnings for the self-employed, as in most schemes, rather than a one dollar weekly scale, as set forth in the Second Schedule (Regulations 11).
- c) Set the contribution at 6.5% of notional earnings: 4.5% for pensions, 2.0% for sickness and maternity
- d) Apply a linear rather than a skewed pension formula (such as 1.5% to 2% per contribution year).
- e) Increase on a gradual basis the number of contributions to qualify for a pension from 10 years to 20 years.
- f) Set a ceiling on medical care of offshore EI and introduce co-payment if the amount exceeds certain limits.
- g) Transition from a voluntary to a compulsory scheme.

12. Non-Contributory Pension Scheme

a) Description

Non-Contributory Pensions (NCP) provisions were enacted in 2003 , without a compensatory



transfer of funds, negatively impacting on the actuarial situation of the long-term branch. Although the contribution rate was increased by 1% of insurable earnings and assigned in its entirety to the long-term branch, which henceforth had been allocated 4.5% of insurable earnings, such an increase has been recommended in previous actuarial valuations as part of the scaled-premium system of finance, to guarantee the long-term solvency of the long-term branch, and not specifically to finance the NCP scheme.

In December 2007 the Government decided to add eligible males as beneficiaries of NCP and increased the payment to \$100 per month, allowing the NCP Committee to approve almost 900 additional NCP within six weeks.

Directives by the new SSB authorities as from March 2008 to address unwarranted NCP cases, and to introduce proper evaluation procedures, has resulted in a steady reduction in the number of NCP, as shown in Annex A.

b) Trend of Pension Payments

The total number of NCP declined from a peak of 4,934 to 4,202 in 2010, and 4,189 in 2011, confirming that the high mortality of pensioners and more thorough evaluation procedures contributed to offset the abnormal surge of pensions awarded during the initial phase of operations.

Many of the non-contributory pensioners had also claimed the Retirement Grant, despite the incompatibility of both benefits, as stipulated in Section 18 of the NCP Regulations. This is an issue the Board is presently dealing with and which requires an amendment to the regulations.

c) Projected Benefit Expenditure and Extension of the Period of Equilibrium

Assuming that the SSB is able to control the cost of NCP with no pension adjustments in the next two years and modest adjustments thereafter, capitalized expenses over the next 10 years would amount to approximately **\$50 million**.

The actuarial projections indicate a maximum level of reserves of long-term branch of \$352 million at the end of the next ten years. Therefore, it is estimated that the transfer of NCP to the Government as from 1 January 2013 **would allow the LT branch to extend the period of equilibrium by approximately 2 ½ years, thus postponing the need to increase the contribution rate of employees and employers by a similar period.**

In the event that the SSB is unable to transfer the payment of NCP to the Government, cost curtailment strategies are advisable to ameliorate the financial incidence of the scheme.

d) Amendments to the Non-Contributory Pension Legal Provisions

Jointly with the re-allocation of contributions between the Short-term branch and the EI branch, and amendments to the Self-Employed scheme, these proposals would constitute the initial set of legal amendments required by the SSB in the first phase. The basic option (transfer to the Government) would simply require deleting the NCP Regulations. The alternative option would require amendments to the respective sections of the regulations, as shown in the attachment dealing with the Matrix of Legal Amendments.



Section 18 of the regulations stipulates an **option** between the Grant and the NCP. As insured persons are allowed to claim the grant at ages **60 to 65 years**, a male person might come two years later and claim a NCP. Therefore, the SSB should check if claimants have previously received the grant, and if so, to disallow the NCP.

13. Investment of the Reserves

The SSB has become the main institutional investor in Belize and, following Government guidelines early in the decade to assist in the development of the private sector, the SSB gradually increased the diversification of the portfolio, allocating substantial funds to housing mortgages, private sector loans, equities, and economically targeted investments in utilities, several of which are originating losses to the SSB. The actuarial projections show that the investment portfolio should continue to prioritize the liquidity of the investments and, therefore, the exposure to obligations and non-liquid assets should be curtailed.

The Third Schedule of the Act stipulates new provisions governing the Investment of the Fund, including objectives, benchmarks, performance analysis, and restrictions on investments, as a supplement to the statutory actuarial valuation. **The Board and the Investment Committee are advised to evaluate the Actuarial Assessment of the Investments, set forth in Chapter VII, including the need to develop specific performance benchmarks and the asset allocation strategy for 2011/12.**

14. Social Development Fund and Catastrophic Risks

As from 2009 the financing associated with the Social Development Fund and the Natural Disaster Fund have been transferred to the EI branch. In view of the emerging financial constraints of the SSB, the Board is advised to consider setting a cap on the amount of expenditure in a given year, maintaining a margin for subsequent years.

The Board has been earmarking funds from the Social Security Development Account to cover catastrophic risks arising from hurricanes and related events. This is a “cyclical” risk and “costs” have to be assessed on a multi-year basis. Any “prediction” is bound to experience wide variations in practice, thus requiring a steady accumulations of reserves. A share of the social development fund should be transferred to the Natural Disaster Fund, even if no claims are payable in a specific year.

15. Other Issues

a) Ceiling on Contributions and Adjustments to Pensions

When the Belize Social Security Act, Chapter 44, was enacted in 1980, the ceiling on earnings on which contributions were payable was set at BZ\$130 per week. In 2001, the earnings ceiling was raised to BZ\$320 per week. Since then, the proportion of insured persons with earnings above the ceiling has almost doubled to one-third of total contributors. This means that SSB pensions to insured persons exceeding the ceiling will be a lower proportion of actual earnings than for those below the present ceiling. **The 2010 Census and the recent increase in the minimum wage confirm that the minimum SSB contribution scales are outdated.**

Due to the incidence of the financial crisis on employment, an adjustment of the ceiling at the



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present juncture is not advisable, as this would increase the social cost to employers, including the Government, and constrain labor creation. However, once the financial crisis ends and the economy and employment are reactivated, an increase in the ceiling is advisable, with legislation providing for periodic increases in the earnings ceiling. The extent of the increase and choice of the period over which it is required, depends on the required magnitude of the adjustment, with \$500 per week for 2013/14.

After the initial adjustments, subsequent increases in the earnings ceiling should be gradually introduced in correlation with the rate of salary inflation and with adjustments to pensions in payment, in order to limit “windfall” gains to participants whose pensions are based on earnings in their best three average years and who have contributed most of their career on the basis of a low earnings ceilings. Provisions for automatic pension adjustments tied to inflation are common in industrialized countries, but not in developing countries, who mostly apply ad hoc multi-year adjustments. As to the earning ceiling, practically all social security scheme apply multi-year adjustments.

The Board also requested the actuary to submit an assessment of the feasibility of adjustments to the minimum pensions, as summarized below. The ratio of the minimum weekly contribution by insured persons (\$83 cents per week) and the minimum pension of \$47 per week, yield an astronomical ratio of 56.6 times the minimum contribution. To address these anomalies in the financial regulations, the actuary has proposed an adjustment in the minimum contribution by insured persons, which is still under consideration by the Board, as part of the matrix of legal amendments.

It is also recalled that the usual practice of social security schemes is to adjust pensions in payments (**not only the minimum, but also pensions in higher amounts**), **in correlation to increases in the ceiling on contributions**. Adjusting only the minimum pension penalizes the purchasing power of pensioners exceeding the minimum amount, who were paying higher contributions throughout their career and then would end up with the same pension as low income categories.

An increase of the minimum to \$3,000 or \$3,600 per year implies adjustments of **22.7%** and **47.3%** respectively, exceeding the rate of inflation in recent years. A similar adjustment to the scale of contributions would theoretically require adjustments to the two minimum weekly insurable earnings (Schedule, Regs., 6 (1), from \$55 and \$90 per week by a similar proportion, and the ceiling from \$320 to \$392/\$471 per week).

In view of the above, consideration of an adjustment to the minimum pensions of \$47 per week (\$2,444 per year) to \$3,000 or \$3,600 per annum should be deferred until after the adjustment to the minimum contributions by insured persons and/or the SSB ceiling.



B) QUALIFYING CONDITIONS AND MINIMUM PENSION

The contribution conditions to qualify for a pension are equivalent to 500 weekly contributions (10 years) for an age pension and 150 weekly contributions (3 years) for an invalidity pension. Hence, the accumulation rate for some workers can be excessively high in view of the minimum pension. This implies that the present minimum pension causes an anomalous distortion in the accumulation rate in favor of low income workers with a reduced number of contributions.

The qualifying condition of 500 weekly contributions could also be an incentive for evasion and non-compliance, and penalizes, rather than rewards, specific groups of workers with contributions above the minimum. Therefore, as recommended above, the contribution requirements should be updated, once the financial and employment crisis ends, preferably from 2013.

c) Increase in the Minimum Retirement Age

The law establishes a normal retirement age of 60 years. Most schemes in industrialized countries have been increasing the normal retirement age as a cost-containment measure, in view of the extension of the life-expectancy and the ageing of the populations due to lower mortality and declining fertility. Adjustments to the normal retirement age are usually done on a gradual basis. Such an amendment will have a significant impact on the finances of the long-term branch, by extending the period of financial equilibrium of the long-term branch and thus, postponing the need for subsequent adjustments to **the rate of contributions**.

An option would be to stipulate a “formula driven” increase, allowing retirement at 60 years only for insured persons with a minimum number of years of contributions, for example 25 years, although it could have a negative impact on low income or seasonal workers, who are prone to periodic spells of unemployment, and would favor Government employees and employees in the formal sector of the economy, such as the financial sector, who probably have a longer life expectancy and productivity. **As from 2014, consideration of an increase in the minimum retirement age is advisable, at the rate of 0.5% years per calendar year, reaching age 63 in six years, but allowing retirement as from age 60 with a reduction in the accrued pension.**

d) Mandatory Retirement Age and Incentives to Defer Retirement

The mandatory retirement age of 65 years should be removed. Jointly with the elimination of the mandatory retirement age, subject to the concurrence of the employer, the scheme could provide incentives to defer retirement, for example:

- increase the annual pension accrual rate from 1% to 1.25% of salary for retirement between 60 and 64 years of age.
- increase the annual pension accrual rate to 1.50% of salary for deferment as from age 65.

e) Wage Bands and Actual Earnings for Contributions and Pensionable Salary

Contributions and pensions are still based on a system of wage-bands, that has been phased out by most social security schemes. Hence, **it is reiterated that the SSB should formally adopt a system**



based on actual earnings that would ease the administrative procedures of most employers, and provide a pension directly related to actual insurable earnings. A transition period for the formal introduction of the new system is advisable, for example, 12 months. No material actuarial impact is anticipated under the proposal, either for employers or employees. ?? Explain

16. Accounting Disclosures

The SSB pension scheme is qualified as a “State Plan”, according to International Accounting Standards (IAS-19, paragraphs 37 and 39), which prescribe only the accounting and disclosure standards by employers. As such, employers have no legal or constructive liabilities except to pay the statutory contributions, despite the fact that, as the plan in Belize is essentially funded on a Scaled Premium System (see Glossary of Terms); a portion of future benefits accrued during the current period will be paid out of future contributions. For this reason, state plans are normally defined as “defined contribution” plans for employers’ accounting purposes, which means that the actuarial obligation of each employer is limited to paying the statutory contribution set forth in the Act.

As to the SSB, which strictly speaking is not a commercial enterprise, the financial and actuarial disclosures comply with accepted standards of national social security schemes.

17. Research, Statistics and Finance

The Office of Strategic Management and its unit, the Research and Analysis Services, have been able to set up a comprehensive collection, tabulation and presentation of statistical data, allowing both management and the actuary to be able to monitor developments more efficiently. The actuary will interact with the Office of Strategic Management to expand its research capabilities. The Financial Office has streamlined its operations allowing financial statements to be submitted in a more timely manner. The actuary will continue to liaise with the General Managers to expand the analytical capabilities of the Office.



II **LEGAL BASES AND FINANCIAL OPERATIONS**

1. Legal Bases, Coverage, and Benefit Provisions

The social protection system in Belize, as regards cash benefits, is composed of the national social security scheme administered by the Social Security Board (SSB), as a first pillar of pension protection, and the Public Service Pension scheme and a limited number of complementary pension schemes, as a second pillar. The SSB operates a “defined benefit” and contributory scheme funded on a bipartite basis by employers and employees, whereas the Government system is non-contributory and unfunded, with payments made from current revenues. The remaining complementary schemes are usually funded on a bipartite basis. No individual retirement provisions (IRA) with tax incentives are presently envisaged, as a third voluntary pillar of pension protection. The adequate planning of social protection should take into consideration these arrangements for an adequate and sustainable design of a pension system in Belize, although the present report deals exclusively with the national social security scheme administered by the SSB.

The legal bases of the social security scheme are set out in the Social Security Act (1979) and the regulations issued thereunder. The scheme commenced operations on 1 June 1981 and, except for marginal amendments to the benefit regulations, the level of benefits and contributions were not updated until 1 January 2001, when a comprehensive improvement in benefit provisions took place, including a National Health Insurance Scheme which operates still as a project, and the outdated ceiling on contributions were amended, as described below. On 1 January 2003 a voluntary self-employed scheme was introduced; in May 2003 non-contributory pensions to eligible females were introduced, and on 1 July 2003 the rate of contribution was increased from 7% to 8% of insurable earnings, to strengthen the actuarial situation of the long-term branch. Late in 2007 non-contributory pensions for males as from 67 years of age were introduced and the amount of non-contributory pensions were increased to \$100 per month, impacting negatively on the actuarial situation of the long-term branch. Also, a Third Schedule regulating the Investment Framework, as recommended by the Actuary, was annexed to the Act in 2007.

The scheme provides a basic level of social protection, and, after a full career, the scheme is designed to provide a maximum pension of 60% of pensionable salary, which in practice should yield average replacement ratios of 50% to 55% of the last salary, due to salary progression and density of work prior to retirement. However, the minimum pension of \$47 per week could represent a higher percentage of the last salary for low income or low density workers.

The scheme covers all employed persons from 14 to 64 years of age, with specified exceptions such as domestic workers working less than 8 hours per week, persons in the military service and selected officials. Employed persons 65 years and over are covered only against employment injury. A summary of the benefit provisions is shown in Appendix G. Effective 1 January 2009, the distribution of contributions by branch was amended as shown below. A further adjustment is required as from 2012,



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apportioning to the short-term branch a higher level of contributions, to allow the recapitalization of the branch and to avoid the reserves falling below the statutory minimum, and to strengthen the financing bases of the long-term branch.

Branch	2012	2009	2008
	(as % of insurable earnings in parenthesis)		
Short-term	27.5 (2.2)	19.25(1.54)	18.75(1.50)
Employment injury	12.5(1.0)	24.50(1.96)	25.00(2.00)
Long-term	60.0 (4.8)	56.25(4.50)	56.25(4.50)
Total	100 (8.0)	100 (8.00)	100 (8.00)

Further, as from 2009, allocations to the Social Development Fund have been charged to the Employment Injury Branch, and a limit should be stipulated in the Regulations.

2. Recent Legal Amendments

With retroactive effect as from 1 January 2011, the Benefit Regulations were amended by Statutory Instrument No. 89/2011 of 15 September 2011. The instrument amends sub-regulation (2) of Regulation 62, after the provisions (d), adding a new paragraph as follows: “(e) survivor’s benefit with retirement benefit”.

The amendment allows a surviving spouse to receive, in addition to the retirement benefit earned on her own right, also the survivor’s benefit payable on the death of the spouse, a rather uncommon feature for pension plans funded on a PAYG basis, wherein the financing of the individual pension would be borne in part by future generations. Before the amendment, only the higher benefit would be payable to the surviving spouse, which is the usual provision of social security scheme funded on a PAYG basis worldwide. The amendment will increase the actuarial cost of the long-term branch, by allowing all age retirees entitled to survivors’ pensions to continue to receive both pensions. Further, when both spouses are entitled to a retirement pensions, as the male would usually die before the female spouse, she will usually be the beneficiary of the joint pensions.

3. Macro-Economic and Social Security Indicators

Table 1 summarizes basic economic, demographic and labour statistics. In the last three years the active insured population has been stable, due to the economic slowdown, yielding a coverage rate of 66%, as a percent of the employed labour force. The inception of a self-employed scheme as from 1 March 2003, although on a voluntary basis in the first phase, had a marginal incidence in the rate of increase of the active insured population, as most of the increase was due to higher levels of compliance by employers due to more strict enforcement procedures applied by the SSB as from 2008.

The economy is characterized by a highly seasonal pattern of employment, and a significant proportion of insured persons spend part of the year either unemployed or in self-employed activities. Contributions were equivalent to 2.14% of the Gross Domestic Product (GDP) in 2010, and accumulated



reserves are equivalent to 14.4% of GDP, having increased at a faster rate than a GDP constrained by the recession.

The total population of Belize has increased in the last decade at a pace similar to the high variant projections of the Statistical Institute of Belize (SIB). In 2010 the population census estimated 307,000 persons, much lower than estimates shown in the 2009 Poverty Assessment Study. Such a rate of population increase is expected to decline in the future from an average of 2.7% in 2000/2010 to 2.2% in the next decade, as family planning and higher educational standards slow the incidence of fertility. From an actuarial standpoint, high fertility rates contribute to delay the ageing of the population and, thus, the demographic ratio of pensioners over active contributors. Nevertheless, the age-structure of the population has experienced a gradual change, with a demographic ratio of the population 65 years and over divided by the population 15 to 64 years, that has increased to 4.3% in 2010 from 4.1% in 2000, showing the gradual incidence of ageing and its emerging incidence on pension costs in the future. However, the gross mortality rates have declined from 28 per thousand in 1990/95 to 15 per thousand in 2010, and the life expectancy at birth increased by three years in the last 15 years, reaching an average of 76 years in 2010, according to estimates of the Statistical Institute of Belize (SIB).



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Table 1
Basic Indicators

	2011 and 2010 Census
Gross Domestic Product (GDP) in millions of BZ\$ (current value)	2,846
Consumer Price Index increase (CPI)	2.2%
Population 2010 Census Data	312,697
Annual Rate of Population Growth (2000/2010)	2.7%
Labour force *	130,717
Employed Labour Force *	100,537
Unemployment Rate *(14% according to periodic surveys)	23.1%
SSB Number of Contributors	87,767 ^{a/}
Percent of Employed Labour Force *	66%
Labour Force Participation Rate *	65.7%
-Males *	80.3%
-Females *	51.2%
Dependency Ratio (population > 65 years ÷ population 15/64 years)	10% (8% in 2001)
Social Security Reserves (as % of GDP)	14.4%
SSB Contributions as % of GDP	2.1%
Rate of Increase of Active Insured Persons 2008/10	0%

* 2010 Census Data

^{a/}Includes persons over 65 years, covered only for Employment Injury

SIB Estimates

Crude Birth Rate ^{a/}	22%
Crude Death Rate ^{a/}	0.4%
Migration Rate ^{a/}	1.5%
Life Expectancy at Birth (years)	76 years

^{a/}2008



3. National Health Insurance Scheme

On the basis of recommendations of a National Health Sector Reform Committee, the Government amended the Social Security Act to include a new chapter in order to introduce a National Health Insurance Scheme (NHI). The Act was gazette on 29 July 2000 and the financing regulations have yet to be implemented. On a transition basis, a focalized pilot project was still on-going as at the valuation date. Initially, the project was financed by transfers from the Short-Term Branch, but as from 1 January 2006 a NHI Fund was set up with a \$15 million transfer from surplus reserves of the Employment Injury Branch. SSB financing is no longer feasible and as from 2009 the NHI Scheme is funded exclusively by Government transfers, although managed by the SSB.

4. Financial Bases

Three benefit branches are presently in operation: a Short-Term branch comprising sickness and maternity benefits; a Long-Term branch comprising retirement, invalidity and survivors' benefits, and an Employment Injury branch comprising medical care, temporary employment injury benefits, and grants or pensions in the event of permanent disability or death due to employment injury. Medical care for employment injury was provided only in government installations but as from September 1999, private medical facilities have been integrated into the available options, and at present, most of such care is dispensed by the private sector.

At present, the rate of contributions paid by employers and employees is 8% of insurable earnings (7% for the self-insured), up to a contributory earnings ceiling of \$320 per week, as follows:

Weekly earnings	Employee	Employer	Total
	(as % of insurable earnings)		
Up to \$139.99	1.50%	6.50%	8.00%
\$140/320	1.97% to 2.95%	5.63% to 5.02%	8.00%

If the insured person is over 65 years, the employer pays \$2.60 per week only for employment injury benefits. Investment income is allocated to each branch in proportion to the reserve of each branch at the beginning of the year, whereas other income is distributed equally among the three benefit branches.

The original contribution ceiling of \$130 per week has been increased only once, in 2001, when the ceiling was raised to \$320 per week, and the skewed original bipartite contribution schedule (6.1 the employer/employee) was reset at one-half each for earnings above \$130 per week. However, low income workers are eligible for a minimum pension of \$47 per week and are still paying a minimum contribution of \$0.83 per week.

Data shows that the present ceiling has become obsolete, and once the financial crisis and its negative incidence on employment ceases, the stakeholders should reach an agreement to update



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the ceiling in order to achieve a better correlation between actual earnings and SSB benefits, including provisions for quasi-automatic adjustments to the ceiling.

The amendments should also include phasing-out the obsolete wage-band system to assess contributions, for payments based on actual earnings, which are easier to manage by enterprises in the formal sector of the economy.

The distribution by branch is as follows; with further adjustments still pending, as shown in Section I:

Branch	January 2009 ^{1/}	July 2003	Before July 2003
Short-Term Benefits	1.54%	1.5%	1.5%
Employment Injury Benefits	1.96%	2.0%	2.0%
Long-Term Benefits	4.50%	4.5%	3.5%
Total	8.0%	8.0%	7.0%

^{1/} 19.25% and 24.5% of contributions for the short-term branch and the EI branch respectively

5. Actuarial Systems

The short-term branch and the temporary injury benefit of the employment injury branch operate under the “assessment” or pay-as-you-go (PAYG) system of financing, since relative costs are expected to remain within a narrow range for long periods, with any adverse fluctuations or trends will be covered by the “contingency” reserve. The reserve is established in the regulations as the six months average benefit expenditure in the last three years for the short-term branch, and 12 months of the same average for the employment injury branch.

The survivors’ and disability pensions of the employment injury branch operate under the “assessment of constituent capitals”, under which the present value of pensions awarded is accounted for as the expense in a given year. The “technical” reserve should theoretically be sufficient to meet the actuarial liabilities in respect of pensions in force. This method was recommended in the actuarial valuation carried out prior to the inception of the scheme and should be retained, due to the different nature of short-term obligations and long-term disability pensions.

The long-term branch operates under the “scaled-premium” system of finance, which is a partial capitalization system under which the contribution rate should provide for increasing reserves for a given “period of equilibrium”. When expenses exceed contribution income and interest, or before reserves fall below the prescribed minimum, the contribution rate should be adjusted to ensure an adequate level of capitalization.

6. Income and Expenditure

Accounting standards record income and expenses on a cash basis, and hence, the financial statements do not reflect outstanding contributions in arrears. Investment income is recorded on an accrual basis, and income from associates is accounted for on the equity method.



Table 2 shows the consolidated income and expenditure in the last four financial years, excluding NHI operations and other comprehensive income. Due to the contraction of the economy contributions have increased at a very slow rate of less than 1% per annum in the past two years, after increasing by 4% in 2009 and by 9% in 2008. However, total expenditure exceeded contributions by 6.3% in 2011, as compared to 2.7% in 2010. The \$3.8 million deficit was covered by investment income, highlighting the need of a high level of liquid reserves.

Table 2
Consolidated Statement of Income and Expenditure (ex-NHI Operations)
(amounts in thousands of BZ\$)

Income	2011	2010	2009	2008
Contributions	60,913	60,329	59,886	57,582
Investment income	16,226*	24,784	21,315	18,298
Other income ^{2/}	876	795	697	1,591
Total Income	78,015	85,908	81,898	77,471
<u>Benefits</u>				
Short-term branch	10,975	10,427	10,825	10,099
Long-term branch ^{3/}	28,638	26,433	24,415	23,423
Employment injury branch	5,877	5,959	7,001	6,191
Benefit Expenditure	45,490	42,819	42,241	39,713
Administrative and other expenses ^{4/}	19,242	19,157	19,502	20,124
Total expenditure	64,732	61,976	61,743	59,837
Net income	13,283	23,932	20,155	17,634

^{1/} Excludes GOB contribution to the NHI Fund and NHI operations

^{2/} Includes interest on rental income, staff advances and surcharges for late contributions.

^{3/} Includes non-contributory pensions.

^{4/} Excludes NHI expenditure

* Includes a provision for investment losses of \$7.856 million in 2011 (\$0.529 million in 2010).

7. **Other Income**

Other income is shown in table 3, including interest on late contributions, staff advances and rental income. The income is distributed in equal parts among the three benefit branches, pursuant to the provisions of Section 14(3) of the Financial Regulations, yielding 0.12% of insurable earnings in 2011. For the present actuarial valuation a rate of 0.12% is assessed for the period 2012/14, to be adjusted based on the future performance, if higher compliance by employers tends to reduce the penalties for late contributions, or vice versa.



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Table 3
Distribution of Other Income
(in thousands of BZ\$)

	2011	2010	2009	2008
Rental income	39	97	128	98
Interest on staff advances	91	69	83	404
Surcharge on late contributions	507	696	605	566
Miscellaneous	239	(67)	(119)	522
Total	\$876	\$795	\$697	\$1,590
as % of insurable earnings	0.12%	0.11%	0.09%	0.22%

8. **Expenditure and Net Income**

Short-term benefit expenditure increased at a moderate pace in the past two years, while long-term branch benefits have increased by 8.3%, as cost-containment measures yielded a reduction in non-contributory pensions. EI branch benefits decreased by 14.8%, in 2010 and remained stable in 2011.

Administrative expenditure, including depreciation, decreased by 1.65% in 2010, by 3.1% in 2009, and 10.2% in 2008, due to cost-reduction strategies applied by the administration, reversing the 21.7% increase experienced in 2007. However, it remained practically stable in 2011, as expense reductions in non-personal items were offset by retroactive salary adjustments.

Net income experienced a significant reduction in 2011, to \$13.25 million as compared to \$23.93 million in 2010, due to a \$7.86 million provision for investment loss and the secular increase in benefit expenditure.

9. **Balance Sheet and Reserves by Branch**

Table 4 shows the balance sheet as at 31 December 2011 and the preceding three years, with a \$21 million increase in reserves, as compared to \$23 million in 2010 and \$25 million in 2009.

Table 4
Balance Sheet of the Social Security Board (as at 31 December)
(amounts in thousands of BZ\$)

	2011	2010	2009	2008
Cash and bank balance	13,492	10,441	30,013	36,148
Short-term investments	125,841	132,353	139,777	113,697
Long-term investments ^{a/}	232,506	227,106	164,560	171,287
Accounts receivable and others	18,831	16,124	13,638	8,393
Fixed assets (net)	29,576	29,770	29,640	29,420
Total assets	420,246	415,794	377,628	358,945
Liabilities and deferred income	(10,022)	(19,229)	(11,443)	(17,361)
Net reserves and special funds	410,224	396,563	366,185	341,584

^{a/} Includes investment in associates



As to the distribution of reserves by branch, Table 5 shows an increase in both Long-term branch and EI branch reserves, the latter exceeding accepted benchmarks, whereas the Disablement and Death reserves has remained stable. **The Short-term branch reserves declined in 2011 and should fall in 2012 below the minimum statutory level of the six-month average benefit expenditure in the last three years, required by Section 17(1) of the Financial Regulations), unless the rate of contribution allocated to the branch is adjusted.**

Table 5
Distribution of Reserves by Branch
(as at 31 December, in thousand of BZ\$)

Benefit Branch	2011	2010	2009	2008
Short-term	5,792	8,710	10,793	13,490
Long-term	304,276	297,237	276,937	262,045
Employment Injury	77,288	68,121	57,202	49,243
Disablement and Death	16,564	16,365	16,216	15,573
National Health Insurance Fund	1,836	2,142	2,044	1,067
Social Security Development Fund	1,043	654	450	176
Pension reserve	3,426 ^{a/}	3,335	2,725	-
Total	410,224	396,563	366,184	341,584

^{a/} As per the 2011 staff pension plan actuarial valuation

10. **Reserves as a Percent of GDP**

Table 6 shows the consolidated SSB reserves as a percent of GDP. In the last three years SSB reserves have increased at a faster rate than GDP, resulting in an increase of SSB reserves as a percent of GDP of 14.4% at 31 December 2011, as compared to 12.5% as at 31 December 2008.

Table 6
SSB Reserves as Percent Gross Domestic Product (GDP)

	2011 ^{1/}	2010	2009	2008
(amounts in millions of BZ\$)				
GDP ^{1/}	2,845	2,790	2,695	2,727
SSB Reserves	410	396	366	342
% of GDP	14.4%	13.9%	13.6%	12.5%

^{1/}Current prices (SIB). Provisional data.



11. Rate of Return on Investments

As shown in Table 7 the rate of return on investments has fluctuated significantly, and has been influenced by capital gains and provisions for non-performing investments. The nominal return rose from 6.21% in 2009, to 6.45% in 2010, but declined to only 3.96% in 2011 due to the loss provision. This caused a real return of 2.42%, below the 3% actuarial rate.

Table 7

Rates of Return on Financial Investments (net assets)

(amounts in millions of BZ\$)

	2011	2010	2009	2008
Net investment income	16,226	24,784	21,315	18,298
Nominal rate of return ^{1/}	3.96%	6.45%	6.21%	5.60%
Inflation rate ^{2/}	1.50% ^{4/}	0.90%	(1.10)%	6.4%
Real return ^{3/}	2.42%	5.50%	7.39%	(0.01)

^{1/} According to the formula $i = 2I / (R_0 + R_1 - I)$, where I is the return on investments and R the reserves at the beginning and at the end of the year.

^{2/} Preliminary data

^{3/} According to the formula: $[(1 + i) / (1 + s)] - 1$ where i and s represent the interest rate and the inflation rate.

^{4/} 1.8% for 8 months ending 30 October 2011

Investment expenses are charged against investment income, to arrive at a net amount. Such expenses are shown in Table 8, as a percent of total investment income, with an average of 3.64% in the last three years.

Table 8

Investment Expenses

	2011	2010
	(in thousands of BZ\$)	
Gross investment income ^{a/}	24,267	26,137
Net investment expenses	(184)	(824)
% of investment expenses	0.76%	3.15%
Provision for investments losses	(7,857)	(529)
Net investment income	16,226	24,784

^{a/} Includes investments in “associates”, mortgage securitization and other losses.

Due to the importance of the amount of reserves and of the investment return, it is imperative that a strategy be developed to ensure a prudent investment policy aimed at maximizing a return compatible with the safety of the capital, the latter being the primary consideration. Actuarial projections, in conjunction with expert advice on investments, provide a platform for a long-term investment strategy as from 2012. A separate actuarial report regarding the investments is attached, pursuant to the provisions of the Third Schedule of the Act.



12. Integrity of the Reserves and Non-Performing Investments

The Board has strengthened compliance procedures with debtors and it is expected that the risk of potential losses on investment will be reduced gradually. As to the housing mortgages, an agreement with the Government to re-assume responsibility for all mortgages that have been transferred to the SSB would eliminate from the balance sheet such investments. In view of the above, the external auditors have strengthened the status of non-performing investments, to determine any material incidence on the actuarial reserves, yielding a substantial increase in the provision for losses on investment and providing the SSB with a more realistic picture of the financial situation of the scheme.

13. Administrative Expenditure

Administrative expenditure is distributed among the three benefit branches by a weighed share of the sum of contribution income and benefit of the branch as compared to the Fund as a whole. Table 9 shows the trend in administrative expenditure of the basic scheme, with a static level in 2011, as substantial declines in non-personal items offset personal expenses, which increased due to salary adjustments in 2011.

Table 9
Distribution of Administrative Expenditure

	2011	2010	2009	2008
(Thousands of BS\$)				
Total operating expenditure ^{1/}	19,242	19,157	19,502	20,124
Depreciation	(1,081)	(1,239)	(1,240)	(1,262)
Amortization (establishment)	(461)	(471)	(470)	(463)
Net operating expenses	17,700	17,447	17,792	18,399
Actuarial cost (total) ^{2/}	2.53%	2.54%	2.61%	2.80%
Actuarial cost (net) ^{3/}	2.32%	2.32%	2.37%	2.56%
Budget Performance Indicators				
As % of contributions	31.6%	31.8%	32.6%	34.9%
As % of contributions + benefits	18.1%	18.6%	19.1%	20.7%

^{1/}Excluding NHI expenses

^{2/}As percent of insurable earnings

^{3/}Excluding depreciation / amortization

The bottom part of Table 9 shows the performance ratios of administrative expenditure, which are applicable for budgeting purposes, with a 2011 slight decline of the rate of administrative expenditure as compared to contributions and benefits.

The distribution by branch of the total actuarial costs is shown in Table 10.



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Table 10
Administrative Expenditure by Branch

	2011	2010	2009	2008
Short-term branch	0.57%	0.57%	0.60%	0.62%
EI branch	0.48%	0.50%	0.54%	0.60%
Long-term branch	1.48%	1.47%	1.47%	1.58%
Total	2.53%	2.54%	2.61%	2.80%

When the ceiling on contributions is updated, raising the level of insurable earnings, the relative cost of administrative expenditure should decline, but reaching a competitive level of similar social security schemes in Central America and the Caribbean requires additional cost-curtailement measures. Costs are not compatible, as the Belize scheme operates several District Offices, which is not the case in smaller schemes in the Caribbean.

14. Social Development Fund and Disaster Fund

Pursuant to the provisions of statutory instrument No. 60 (1990), 0.15% of insurable earnings of the short-term branch had been assigned to a Social Development Account, reducing the effective financing of short-term branch benefits. As from 2009 the financing of those funds have been transferred to the EI branch, as recommended by the actuary. As at 31 December 2011 the accounts had the following balances.

	2011	2010	2009	2008
(Amounts in BZ\$)				
Social Development Fund	161,523	22,662	68,797	6,065
Disaster Fund	881,076	631,076	381,076	160,250
Total	1,042,599	653,738	449,873	166,315



II ANALYSIS OF THE SHORT-TERM BENEFIT BRANCH

1. Financial Operations

Table 11 shows the financial operations of the short-term benefit branch. Total expenditure has consistently exceeded total income, with a deficit of \$2.92 million in 2011 and \$2.14 million in 2010. The current loss (contributions less total expenditure) increased to \$3.6 million in 2011, due to static contribution income and lower investment income. A transfer of \$15 million in reserves from the EI branch contributed to restore the reserves above the statutory minimum as at 31 December 2008, but in the absence of the legal amendments crediting the branch with a higher rate of contributions, the reserve is anticipated to fall again below the statutory minimum early in 2012. The branch was severely penalized by subsidizing the NHI pilot project with about \$25 million between 2001 and 2005, depleting the accumulated reserves of previous years, a process that was abetted by an excessive liberalization of the benefit provisions in 2001.

Table 11
Income and Expenditure of the Short-Term Benefits Branch
(Amounts in Thousands of Belize Dollars)

	2011	2010	2009	2008
Contributions	11,726	11,613	11,528	10,797
Investment & other income	654	998	1,077	676
Total Income	12,380	12,611	12,605	11,473
Maternity benefits	3,335	3,068	3,202	3,085
Sickness benefits	6,628	6,356	6,551	5,954
Maternity grants	1,012	1,004	1,073	1,060
Total Benefits	10,975	10,428	10,826	10,099
Operational expenses	4,325	4,326	4,473	4,468
Total Expenditure	15,300	14,754	15,299	14,567
Income less Expenditure	(2,920)	(2,143)	(2,694)	(3,094)
Contingency Reserve	5,791	8,710	10,793	13,489^{1/}

^{1/}Includes a transfer of \$15 million from the EI branch

2. Income and Expenditure as a Percent of Insurable Earnings

Income and expenditure as a percentage of insurable earnings is shown in Table 12. Total cost (benefit and administrative expenditure) have consistently exceeded the contribution rate allocated to the branch. Investment income contributed to reduce the deficit, but as reserves have been declining, investment income has also declined. The deficit rose to 0.38% of insurable earnings in 2011, from 0.31% in 2010.



Table 12
Income and Expenditure of the Short-Term Branch as a Percent of Insurable Earnings

	2011	2010	2009	2008
Contributions	1.540	1.540	1.540	1.500
Investment & other income	0.086	0.119	0.144	0.094
Total Income	1.626	1.659	1.684	1.594
Maternity allowances	0.438	0.409	0.428	0.429
Sickness benefits	0.870	0.846	0.875	0.827
Maternity grants	0.133	0.134	0.143	0.147
Total Benefits	1.441	1.389	1.446	1.403
Operating expenses	0.568	0.576	0.598	0.621
Total Expenditure	2.009	1.965	2.044	2.024
Income less Expenditure	(0.383)	(0.306)	(0.360)	(0.430)

3. **Cost and Funding Ratios**

Section 17 (1) of the Financial Regulations set a minimum level of reserves equivalent to six months the average benefit expenditure in the last three years. Without the transfer of EI reserves, the level of reserves as at 31 December 2008 would have fallen below the statutory minimum. The \$15 million transfer temporarily restored the reserve ratio above the minimum at the close of the 2008 and 2009, as shown in table 13, but is projected to fall below the minimum early in 2012.

Table 13
Statutory Minimum Level of Reserves (31 December)

	2011	2010	2009	2008
	(amounts in thousands of BZ\$)			
Minimum statutory reserve ^{1/}	5,372	5,225	4,921	4,456
Actual reserve	5,791	8,610	10,793	13,489 ^{2/}
Reserve ratio (actual / minimum)	1.08	1.65	2.19	3.02

^{1/} Six months average benefit expenditure in the last three years.

^{2/} Includes a \$15 million transfer from the EI reserves-

Table 14 shows the cost and funding ratios of the short-term branch, with the following summary:

- a) The ratio of benefits divided by contributions has been rather stable in the past three years.
- b) Cost ratios of expenditure divided by contributions and total income are higher than one, meaning sustainable "current deficits".** Even including investment income still yields sustainable deficits.
- c) The Fund Ratio shows a steady decline, and at 31 December 2011 was equivalent to 0.35**



or about six months' projected expenditure, below the international accepted minimum of six months' total expenditure.

Table 14
Cost and Fund Ratios of the Short-Term Branch (excluding NHI and SSDA)

	2011	2010	2009	2008
Benefits / contributions	0.94	0.90	0.94	0.94
Expenditure / contributions	1.30	1.27	1.33	1.35
Expenditure / total income	1.24	1.17	1.21	1.27
Fund Ratio	0.35 ^{p/}	0.57	0.73	0.88

^{p/}Projected, assuming a 8% increase in 2012 expenditure

4. **Key Frequencies and Unit Cost of Sickness Benefit**

Table 15 shows the key indicators of sickness benefits, with a Morbidity Rate (average days paid per insured) almost twice the standard of other countries, due to the elimination of the 3-day waiting period, with a high proportion of cases and days paid lasting one to three days, adding also to the cost of administration of the branch. **A partial restoration of a waiting period, which is recommended, would reduce materially the morbidity rates and the actuarial cost.**

Table 15
Key Frequencies and Unit Cost of Sickness Benefits

	2011	2010	2009
Active contributors	86,551	87,767	86,981
Insurable earnings (\$ million)	761.43	754.09	748.6
Benefit expenses (\$ thousands)	6,628	6,356	6,551
Sickness days paid	170,130 ^{p/}	217,664	240,589
Number of cases	32,000 ^{e/}	28,359	31,266
Days paid per case	7.40	7.68	7.69
Cases per 100 insured	26.6	32.5	35.9
Days paid per insured (morbidity rate)	1.97	2.50	2.77
Cost per day	\$39	\$29	27
Cost per insured	\$77	\$72	75
Actuarial cost (% of insurable earnings)	0.87%	0.85%	0.88%

^{p/}Provisional, abnormal reduction

^{e/}Estimate



5. Sex Differentials of the Duration of Sickness Benefits

Table 16 shows the sex differentials of sickness claims up to 2010, as the statistics for 2011 are still being reviewed.

Table 16
Sex-Differentials of Sickness Benefit

	2010			2009		
	Males	Females	Total	Males	Females	Total
Active insured persons	54,644	32,525	87,196	54,968	32,001	86,981
Number of days paid	119,376	98,288	217,664	130,808	109,781	240,589
Morbidity rate (days paid per insured)	2.11	3.02	2.50	2.45	3.59	2.86
Average duration of benefit ^{a/}	6.04	5.13	5.59	4.61	4.25	4.44

^{a/} Derived from terminated cases

6. Sickness Disallowance Rates and Appeals

Statistical data for 2010 shows a gradual decline in the proportion of disallowances from 15.5% of allowed claims in 2000 to 10% in 2009. The main reasons for non-payment are due to the claimant not meeting the contribution requirement of 50 paid contributions, which shows a substantial increase from 34% to 63% of total disallowances between 2006 and 2009, while rejections for late claims declined from 50% to only 20% within the same period. The significant variations of these two causalities – rejections for less than 50 contributions increased by 34% between 2005 / 2009, and late claim declining by 31% within the same period – could mean the joint incidence of higher density of contributions and higher information by insured persons of the legal requirements.

Appeals for sickness benefit claims declined significantly from 87 cases in 2006 to only 13 cases in 2010, while for maternity benefits there is a non-material increase from 4 cases in 2006 to 7 cases in 2010. Appeals are requested by less than one claimant per 1000 cases of sickness claims. The analysis by sex shows that females have a higher incidence of sickness, although the average duration of terminated cases seems to be lower, according to preliminary data, still subject to adjustments and a more in-depth evaluation.

7. Incidence of the Elimination of the Waiting Period

Statistics on sickness claims show that approximately 45% of the total lasted from one to three days, accounting for 13.6% of the total days paid and 14.4% of the amounts paid. Therefore, the elimination of the 3-day waiting period in the legal amendments enacted in 2001 have almost doubled the number of claims processed, generating a significant increase in the administrative workload, while increasing the SSB cost of sickness benefits. **A restoration of the waiting period will have no material incidence in the direct cost to employers, but it will reduce the SSB administrative cost.**

It is also to be recalled that claiming sickness benefits payments for only one or two days, entailing additional lost hours of work, causes expenses for claimants and employers, and reduces productivity



at the workplace, to the detriment of the cost of production of goods and services. Therefore, the stakeholders are advised to consider a gradual restoration of a waiting period as from 2012, for example, a one-day waiting period in 2012, and 2 days in 2013.

The morbidity rate (days paid per insured) should decrease by 25%, due to a high incidence of cases in the agricultural sector, usually prior to the conclusion of the harvesting season. The high replacement ratio of 80% of the average insurable earnings, as compared to 60% to 70% in other schemes, also contributes to the high incidence and duration of sickness cases, particularly if the beneficiary is able to work in the informal sector as a self-employed without being detected by the SSB.

The restoration of the 2 or 3 days waiting period (sickness benefits), and a benefit rate of 70% rather than 80% for sickness and maternity benefits, might have to be postponed for 2013, due to the incidence of the economic crisis on employment. However, the amendments would align the SSB legal provisions with other schemes, and reduce further the cost of the ST branch.

8. Actuarial Cost of Sickness Benefit

Table 17 shows the actual and projected actuarial cost of sickness benefits. **A basic cost of 0.88% of insurable earnings has been assessed for the period 2012/13, with alternative cost scenarios assuming a restoration of waiting periods and a moderation of the 80% benefit rate to 70%.** The actual cost of 0.87% in 2011 is slightly higher than anticipated, although the economic slowdown has a direct incidence on the incidence and duration of sickness claims.

Table 17
Actual and Expected Actuarial Cost of Sickness Benefit

	Actuarial cost (as % of insurable earnings)
2012/13	0.88%
With a 2-days waiting period ^{a/}	0.82%
With a 3-days waiting period ^{a/}	0.72%

^{a/} Recommended as from 2013

9. Trend of Maternity Benefits

The number of maternity allowances has remained stable, as shown in Table 18. 31% of the cases are in the 14/24 age group, 34% in the 25/29 age group, and 35% for females 30 years and over. A similar trend is detected in the frequency of maternity grants, with an average of 3,467 cases in the last three years. It is also noted that an average of 61% of grants have been paid to male claimants in the period 2008/10, with a 6.6% disallowance rate in that period, mainly for not meeting the contributions conditions. Data for 2011 is still being updated.



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Table 18

Actuarial Cost of Maternity Benefits (2011 data under revision)

	2010	2009	2008
Active contributors	87,254	86,981	87,196
Female contributions	32,528	32,001	31,914
Number of allowances paid	1,338	1,398	1,352
Benefit payments (1,000)	\$3,068	\$3,202	\$3,088
Number of Grants paid	3,329	3,550	3,523
Benefits paid (1,000)	\$1,004	\$1,073	\$1,060
* Allowances			
Allowances per 100 females	4.11	4.37	4.24
Cost per allowed	2,293	2,290	2,284
Cost per insured	35.16	36.81	35.41
Actuarial cost	0.41%	0.43%	0.43%
* Grants			
Grants per 100 insured	3.82	4.08	4.04
Cost per insured	11.51	12.34	12.16
Actuarial cost	0.13%	0.14%	0.15%

10. **Actuarial Cost of Maternity Benefits**

The cost of maternity allowances has remained rather stable in the last three years, at an average of 0.42% of insurable earnings, while the cost of grants has averaged 0.14% of insurable earnings. **The 2011 preliminary experience shows no material deviation in the assessed actuarial cost and, therefore, until the next actuarial review, average benefit expenses of 0.43% and 0.14% in allowances and grants respectively are anticipated, as shown in table 18.**

The statistical data also shows that the fertility rate started to decline moderately in Belize, and the age-structure of the population over 15 years is changing gradually, a trend which is also influenced by migration, with an estimate of 10% of the population over 60 years of age, as compared to 8% in 2002, a ratio that will be monitored periodically.

Based on the actuarial cost of allowances and grants, the following ratios are assessed until the next actuarial review, noting that the 2011 rates are still influenced by the economic recession.



Year	Allowances as % of insurable earnings	Grants	Total
2012/13	0.44	0.13	0.57
2011	0.41	0.13	0.54
2010	0.43	0.14	0.57
2009	0.43	0.15	0.58

11. Actual versus Expected Experience and Projected Actuarial Cost

Table 19 shows a comparison between the actual and expected actuarial cost of the short-term branch benefits, with total cost in 2011 of 2.01% of insurable earnings, slightly higher than the rate of 1.94% assessed for the period 2009/11, **a ratio which was influenced by the economic slowdown. The actuarial cost estimate for the period 2012/13 is assessed at 2.03% of insurable earnings.** No significant reductions should be expected until the ceiling of insurable earnings is updated, or until the former benefit provisions are restored on a partial basis. **The actuarial costs is 32% higher than the present statutory allocation of 1.54% of insurable earnings (or 19.25% of contributions), which is insufficient to restore the actuarial solvency of the branch.**

Table 19

Comparison between Actual and Expected Actuarial Cost of Benefits
(as % of insurable earnings)

	Updated projection ^{a/}			Projected for	
	(2012/13)	2011	2010	2009	2009/11
Sickness allowance	0.88% ^{b/}	0.87%	0.85%	0.87%	0.78%
Maternity allowance	0.43	0.44	0.41	0.43	0.42%
Maternity grant	0.14	0.13	0.13	0.14	0.14%
Total benefits	1.45	1.44	1.39	1.44	1.34
Administrative expenses	0.58	0.57 ^{c/}	0.58	0.60	0.60
Total	2.03%	2.01%	1.97%	2.04%	1.94%

^{a/}Legal provisions in force

^{b/}Declining to 0.82% and 0.72% with the restoration of a 2-day and 3-day waiting period respectively. Amendment not anticipated in 2012.



12. Projection of the Short-Term Branch Reserve

Assuming a gradual uptrend in the economic performance, the short-term branch is expected to evolve as shown in table 20, showing that the **Short-Term branch would become insolvent 2013 years unless the financing provisions are updated**, as recommended by the Actuary. Further, the branch reserves would fall below the statutory minimum by mid-2012, requiring more drastic adjustments to the financing bases.

Table 20
Projections of the Short-Term Branch Reserves ^{a/}
(amounts in thousands of BZ\$)

Year	Contributions	Expenditure	Interest & other income	Net income	Terminal Reserve (end of period)
2010	11,613	(14,754)	997	(2,143)	8,710
2011	11,725	(15,300)	654	(2,920)	5,791
2012	12,077	(16,005)	350	(3,638)	2,153
2013	12,440	(16,805)	130	(4,235)	(2,082)
2014	12,813	(17,645)	0	(4,832)	(6,914)
2015	13,198	(18,257)	0	(5,059)	(11,973)

^{a/}Legal bases in force

Bases: Rate of increase in contributions:	3%
Rate of increase in benefits:	5%
Rate of return on investments:	6%



IV

ANALYSIS OF THE EMPLOYMENT INJURY BRANCH

1. Financial Operations of the Employment Injury Branch

Table 21 shows the operations of the employment injury branch, which register as expenses the actuarial present value of disablement and survivors pensions, in accordance with the actuarial method of “terminal reserves” or “assessment of constituent capital” applied to the scheme. The investment income apportioned to the branch in 2011 was lower than in 2010, while benefit expenditure remained at the same level as in 2010, yielding an increase in reserves surplus of \$10.3 million in 2011, as compared to \$11.2 million in 2010 and \$8.8 million in 2009. Thus the accumulation of excess of reserves have continued unabatedly, as shown below.

Table 21
Income and Expenditure of the Employment Injury Branch
(Amounts in thousands of BZ\$ Dollars)

	2011	2010	2009	2008
Contributions	14,924	14,781	14,672	14,395
Investment and other income	3,123	4,189	3,316	3,713
Total Income	18,047	18,970	17,988	18,108
Disablement grants	527	396	544	493
Employment injury (short-term)	2,194	2,659	3,030	3,813
Disablement benefits (actuarial value)	859	581	1,108	1,019
Death benefits (actuarial value)	476	390	434	501
Funeral grants	5	1	11	9
Total Benefits	4,061	4,024	5,126	5,835
Operating expenses	3,687	3,756	4,006	4,338
Total Expenditure	7,748	7,780	9,132	10,173
Income less Expenditure	10,299	11,190	8,856	7,935
Transfers to the Short-term branch	0	0	0	(15,000)
Net Reserve (Short-term benefits)	77,288	66,121	57,020	49,243

2. Income and Expenditure as a Percent of Insurable Earnings

Income and expenditure as a percentage of insurable earnings are shown in table 22. Total benefits were equivalent to 0.53% of insurable earnings in 2010 and 2011, as compared to 0.69% and 0.81% in 2009 and 2008, a significant reduction in actuarial costs due to a lower incidence of EI claims. Total expenditure in the last two years average 1.03% of insurable earnings close to one-half the statutory contribution rate.



Table 22
Income and Expenditure as a Percent of Insurable Earnings (EI Branch)

	2011	2010	2009	2008
Contributions	1.960	1.960	1.960	2.000
Investment and other income	0.410	0.554	0.443	0.516
Total Income	2.370	2.514	2.403	2.516
Disablement grants	0.069	0.053	0.073	0.068
Employment injury (short-term)	0.288	0.352	0.405	0.530
Disablement benefits (actuarial value)	0.113	0.077	0.148	0.142
Death benefits (actuarial value)	0.063	0.052	0.058	0.069
Funeral grants	0.000	0.000	0.001	0.001
Total Benefits	0.533	0.534	0.685	0.811
Operating expenses	0.484	0.497	0.535	0.602
Total Expenditure	1.017	1.031	1.220	1.413
Income less Expenditure	1.353	1.483	1.183	1.103

3 Statutory and Actual Reserves

Reserves of Employment Injury benefits have evolved as shown in table 23. The minimum short-term reserve of the branch, as provided for in Section 17(2) of the Financial Regulations, should be equivalent to the average benefit expenditure in the preceding three years, or \$4.4 million as at 31 December 2011. **Therefore, at year-end, the reserve is 17.6 times higher than the stipulated minimum, as compared to 13.6 times in 2010, a clear indication that the contribution rate assigned to the branch exceeds the actuarial requirements, and the level of reserves exceed by a wide margin the statutory requirements.**

Table 23
Employment Injury Benefits
(amounts in thousands of BZ\$)

31 December	Reserve	Statutory Minimum	Multiple Minimum Reserve
2011	77,288	4,403	17.6
2010	68,021	4,995	13.6
2009	57,020	5,149	11.1

4. Disablement and Death Benefits

Table 24 shows the income, expenditure, reserve and the Fund Ratio of the Disablement and Death benefits. The Disablement and Death Reserve, is of a different nature, representing the amounts required to pay pensions in payment until cessation of payment due to death, recovery or termination of survivors' benefits, while the short-term branch contingency reserve is designed to cover adverse deviations in the experience.



It is also recalled that a transfer of \$4 million from the Short-term EI branch benefit reserves to fully fund the actuarial obligations of the sub-branch was approved by the Board in 2004.

At the valuation date the Fund Ratio is equivalent to 8.52 times projected expenditure, as compared to 9.01 at the close of 2010.

Table 24
Disablement and Death Benefit Reserves and Fund Ratios

(amount in thousands of BZ\$ dollars)

	2011	2010	2009	2008
Actuarial present value of benefits				
Arising in the year	1,335 ^{a/}	971	1,542	1,520
Investment income (net)	680	1,113	975	852
Total income	2,015	2,084	2,517	2,372
Disablement pensions	1,195	1,295	1,236	1,245
Survivors' benefits	621	640	639	631
Benefit expenditure (current)	1,816	1,935	1,874	1,876
Income less expenditure	199	149	643	496
Accumulated reserve	16,564	16,365	16,216	15,573
Fund ratio ^{b/}	8.52	9.01	8.38	8.31

^{a/}\$858,843 disablement and \$475,953 death benefits

^{b/}Reserve ÷ benefit expenditure the following year, assumed to increase by 7% in 2011.

5. **Incidence of Employment Injury Benefits and Expected Cost**

Table 25 shows the incidence and cost ratios of employment injury benefit, and table 26 shows the actual and expected costs. The data shows than an average of 2.91 per 100 insured persons awarded allowances.

Table 25
Incidence of Employment Injury Benefit (2009/11 Experience)

	2009/11
Average number of cases paid	2,518
Average amount paid	\$2,627,667
Average insured persons	86,550
Cases per 100 insured	2.91
Cost per case	\$1,044
Cost per insured	\$30.36 ^{a/}
Actuarial cost (% of salaries) ^{a/}	0.35% ^{b/}

^{a/}Decreasing trend

^{b/} From table 22



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The emerging trend shows that the anticipated incidence has been lower, as the impact of the economic crisis continues to cause an increase in the unemployment rate, impacting low income seasonal workers, particularly in the agricultural sector, who have a high incidence of work accidents. **Therefore, the estimated cost for 2012/13 is assessed at 0.40% of insurable earnings, as shown in Table 26.**

Table 26
Actual and Expected Cost of Injury Benefits

	Projected 2012/13	Actual 2009/11	Projected 2009/11
Cases per 100 insured	3.00	2.89	3.50
Days per case	14	16	18
Days per insured	0.42	0.46	0.63
Actuarial cost (% of salaries)	0.40%	0.35%	0.55%

6. Incidence of Disablement and Death Benefits

Table 27 shows the rates per 1000 insured persons due to EI accidents. The total accidents per year have averaged 26.9 cases per 1000 persons, of which only 1.37 per thousand can be classified as entitling the individual to permanent incapacity status, and 0.10% (or a frequency 0.18 per thousand active insurers), shows a rate higher than 25% of disability, giving rise to a permanent incapacity pension. The rest are only entitled to the grant, with a disability rate lower than 25%, as shown in Table 28.

Table 27
Number of Accident by Consequence

Year	Medical Care only	Permanent incapacity	Deaths / Rate per 1000 insured	Medical care only	Permanent incapacity	Death
2011	2,150	127	7	23.3	1.47	0.08
2010	2,320	109	11	25.1	1.24	0.13
2009	2,553	123	8	27.8	1.41	0.09
Average 2009/11	26.9	1.37	0.10	2.54	1.37 ^{a/}	0.10

^{a/} 90% with a degree of disablement lower than 25%. Grant entitlement only.



Table 28
Percent Distribution of New Cases of Permanent
Incapacity by Degree of Incapacity

Year	60% and over	30/59%	Under 30%	Total
2011	4	4	92	100
2010	3	5	92	100
2009	2	9	89	100
Average 2009/11	3	6	91	100

7. Death Rates of Disabled Pensioners and Active Insured

Table 29 shows the death rates of disabled pensioners, yielding an average gross rate of 4.64% in the period 2006/08, and 5.07% in the period 2009/11. The incidence of terminations due to unspecified other causes (recovery, death) were of 0.77% and 0.48% in the respective periods.

As to the death rates of active insured, gross rates of 0.23% and 0.30% were recorded in the two triennial periods, but the numbers of deaths do not allow the development of death rates by age groups, due to the small number involved, as shown in Tables 29, 30.

Table 29
Death Rates of Disabled Pensioners

Period	Average Pensions	Average deaths	Other causes	Gross death rates	Gross termination rate
2007/08	388	18	3	4.64%	0.77%
2009/11	414	21	2	5.07%	0.48%

Table 30
Death Rates of Active Insured due to EI

Period	Deaths	Average insured	Gross death rate
2006/08	19	81,834	0.23%
2009/11	26	87,100	0.30%



8. Medical Expenses

Medical expenses are budgeted as a separate item but are shown on a consolidated basis with employment injury benefits in the financial statements, as noted above. **It is recommended that the financial statements show injury cash benefits and medical expenses separately as from 2012.**

9. Death and Disablement Benefits

The actuarial cost of death benefits has averaged 0.058% of insurable earnings, and a mean rate of 0.08% is anticipated for 2012/13. The actuarial value of disability pensions is subject to substantial annual volatility and an average rate of 0.12% of insurable earnings is assessed for 2012/13, **for a total of 0.20% (APV).**

A rate of 0.07% of salaries is also retained for disablement grants until the next actuarial review, with the expectation of a decrease in partial disablement pensions and the introduction of temporary disablement pensions, and 0.05% for funeral grants and medical expenses.

10. Expected Cost of the EI Branch

Based on the 2009/11 trend, the expected cost of the EI branch is assessed as shown in Table 31, almost the same rate assessed in the preceding year 2010, although the experience in the last two years has yielded lower costs. The estimated ratio of 1.20% is equivalent to 61% the present allocation to the branch of 1.96% of insurable earnings.

Table 32

Actuarial Cost of the EI Branch

<u>Benefit</u>	<u>Percent of insurable earnings (2012/13)</u>
Employment Injury	0.40
Disablement & Death Benefits (APV)	0.20 ^{a/}
Disablement Grants	0.07
Death and Funeral Grants	0.05
Total Benefits	0.72%
Administrative expenditure	0.48% ^{b/}
Total	1.20%

^{a/}0.12% disablement and 0.08 from death benefits (actuarial present value)

^{b/}Based on the present ceiling of insurable earnings



11. Funded Status of the Disablement and Death Reserve

A direct analysis of the level of sufficiency of the Disablement and Death Reserve was carried out. The calculations were carried out according to the following bases.

Mortality Table: GAM-83

Mortality of Disabled Lives: $a_x + 7$ (x = age).

Remarriage Rates (Widows): Nil.

Discount Rate: 6% (ad hoc pension adjustments)

A. Disablement Pensions (31 December 2011)

- Number of cases: 429 (94% males)
- Average pension: \$52 per week
- Annual payroll: \$1,151,279
- Pension adjustment: Ad hoc

Age distribution (years)

Under 35:	12%
35/39:	36%
50 and over:	52%
<u>Total</u>	<u>100%</u>

Rate of Increase (2006 / 2011): 2.6% per annum

B. Survivors Pensions

Only 8 widows/ers pensions and 18 orphans' pensions were recorded at the end of 2011, as most widows appear to be under age 50, and thus, become entitled to a one year temporary pension. The actuarial value of such pensions is estimated at 1% the actuarial cost of the disablement pensions.

C. The joint present value of EI pensions in payment and the Fund Ratio is shown below.

Discount rate	Present value	Funded Ratio ^{a/}
4%	19,681,951	84%
5%	17,583,512	94.2%
6%	15,860,878	104.4%
7%	14,429,031	114.8%

12. Reallocation of Contribution Rate

The recommended allocation of 1% of insurable earnings requires a margin of 0.20%, to be covered by investment income on the reserve, which was equivalent to 0.41% of insurable earnings in 2011. Therefore, even with a reduced allocation of contributions equivalent to one-half the present statutory allocation, the substantial reserve of the EI branch will continue to increase in the future. A transfer of two-thirds of the reserve to other branches is also deemed advisable, to restore the financial equilibrium of the short-term branch and to strengthen the actuarial reserve of the long-term branch.



13. Update of the EI Degree of Disablement Schedule

The Second Schedule of the Benefit Regulation 43, should be updated by the SSB. For example, Item 15 (loss of one thumb) stipulates a 30% degree of disablement, allowing the insured person to a minimum life pension of \$47 per week, **and to continue in active employment.** However, Item 25 (loss of all toes of both feet) stipulates a 20 degree of disablement, allowing the insured person to only a lump-sum grant.

For an insured person with average earnings of \$55 per week, the minimum pension would be equivalent to 85% of the salary. Once the individual who lost one thumb resumes working the joint income would exceed 100% of salary.

It is likely that a significant proportion of disablement pensioners are in active employment, and receiving also a minimum pension of \$47 per week, as the degree of disablement does not preclude an active employment.



V

ACTUARIAL ANALYSIS OF THE LONG-TERM BRANCH

1. Actuarial System

For the long-term branch the “scaled-premium” system of finance is being applied. Under this system, the contribution rate is fixed at such a level that the income from contributions and investment is expected to exceed the expenditure on benefits and administration for a period of years referred to as the “period of equilibrium”. Throughout the period of equilibrium, the annual excess of income over expenditure is accumulated in a reserve that increases steadily, but declining thereafter if there are no adjustments to the contribution rate. A primary objective of the actuarial review is to ascertain the adequacy of the statutory contribution rate in accordance with the system of finance, and to quantify the projected level of reserves derived from the financial development of the branch.

2. Financial Operations

The comparative data is in Table 32, showing the expected increase in pension benefits, with new pensions awarded exceeding the cost reduction arising from the mortality of existing pensioners. Reserves increased by 2.3% in 2011 and by 7.3% in 2010.

When the surplus decreases to zero (period of equilibrium), branch reserves would start to decrease unless an adjustment to the contribution rate restores a positive operational balance and reserves continue to increase.

As from 2008 total expenditure has started to exceed contributions, with the future increase in reserves arising exclusively from a declining share of investment income, a situation that was accelerated by the addition of non-contributory pensions to males and the adjustment of the basic rate to \$100 per month.

Operational surpluses are expected for a few more years, due exclusively to the incidence of investment income, extending the growth of reserves until total expenditure exceeds total income, a process that could be delayed temporarily by adjustment to the ceiling on contributions and other amendments to the benefit provisions.



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Table 32
Income and Expenditure of the Long-Term Branch
(Amounts in Thousands of Belize Dollars)

	2011	2010	2009	2008
Contributions	34,264	33,935	33,686	32,396
Investment & other income	12,645	19,296	16,644	14,647
Total Income	46,909	53,231	50,330	47,037
Retirement benefits	16,712	14,754	13,066	11,910
Invalidity benefits	2,581	2,310	2,088	2,032
Survivors' benefits	4,284	4,147	3,661	3,712
Funeral Grants	915	1,020	897	835
Non-contributory pensions	4,146	4,201	4,703	4,934
Total Benefits	28,638	26,433	24,415	22,423
Operating Expenses	11,231	11,075	11,023	11,318
Total Expenditure	39,869	37,508	35,435	34,741
Income less Expenditure	7,040	15,723	14,892	12,296
Actuarial Reserve	304,276	297,237	276,937	262,045
Fund Ratio ^{1/}	7.6 ^{2/}	7.9	7.8	7.5

^{1/} Reserves ÷ expenditure

^{2/} 7.0 if computed on projected 2012 expenditure



3. Income and Expenditure as a Percent of Insurable Earnings

Table 33 shows the financial experience as a percent of insurable earnings. Total benefits rose to 3.76% of salaries, and total expenditure to 5.24% of insurable earnings in 2011, higher than the 4.5% allocated to the branch. The current surplus (contributions less expenditure) has been declining steadily, reaching a negative ratio of 0.78% of insurable earnings in 2011, as compared to 0.48% in 2010.

Table 33

Income and Expenditure as a Percent of Insurable Earnings

	2011	2010	2009	2008
Contributions	4.50	4.50	4.50	4.500
Investment & other income	1.66	2.56	2.22	2.035
Total Income	6.16	7.06	6.72	6.535
Retirement benefits	2.19	1.96	1.75	1.655
Invalidity benefits	0.34	0.31	0.28	0.282
Survivors' benefits	0.56	0.55	0.49	0.516
Funeral Grants	0.12	0.14	0.12	0.116
Non-contributory pensions	0.55	0.55	0.62	0.686
Total Benefits	3.76	3.51	3.26	3.255
Operating Expenses	1.48	1.47	1.47	1.572
Total Expenditure	5.24	4.98	4.73	4.827
Income less Expenditure	0.92	2.08	1.99	1.708
Current Surplus ^{u/}	(0.74)	(0.48)	(0.23)	(0.327)

^{u/}Contributions less expenditure

4. Trend of Pensions in Payment

Table 34 shows the trend of pensions in payment, with a steady increase in all the categories of pensioners, a normal trend reflecting the gradual demographic maturity of the long-term branch.

Table 34

Trend of Pensions in Payment (year-end)

	Retirement	Invalidity	Widows/ers	Orphans	Total Pensions	Rate of Increase (%)
2007	2,747	326	884	1,228	5,185	
2008	2,964	342	922	1,167	5,395	4.1%
2009	3,217	342	874	1,170	5,603	3.9%
2010	3,497	340	938	1,197	5,972	6.6%
2011 ^{p/}	3,799	340	1,011	1,211	6,361	6.5%

^{p/}Provisional



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The geometric rate of increase in the number of pensioners in the last four years was as follows:

Retirement:	8.50%
Invalidity:	1.015%
Spouses:	3.40%
Orphans:	(0.99) %

The low rate of increase in the number of invalidity and orphans' pensions is due to high termination rates, due to the death of the beneficiary and to "other causes", as many pensioners resume work and the pension is the suspended, and by reaching the qualifying age in the case of orphans.

5. Performance of the Non-Contributory Pension Scheme (NCP)

Cost-curtailment directives by the CEO and implemented by the NCP Committee, to address unwarranted NCP awards in December 2007 and early 2008, and to introduce appropriate evaluation procedures, yielded a reduction in NCP expenditure. The NCP assessment is shown in Annex A, with a cost estimate declining to 0.50% of insurable earnings, exclusive of administrative expenditure. The 2010/11 experience shows a stable rate of 0.55% of insurable earnings, during the next five years and remaining at that level thereafter, exclusive of administrative expenditure. The 2010/11 experience shows a stable rate of 0.55% of insurable earnings lower than the 2008/09 average cost of 0.65% of insurable earnings.

6. Distribution of Statutory Contributions

The gross share of contributions allocated to the long-term branch is equivalent to 4.50% of insurable earnings as from 1 July 2003. Deducting the estimated costs of grants, the non-contributory scheme, and administrative and other expenditure, yields an updated net rate of 2.25% for 2012.

Table 35
Distribution of the Statutory Contributions (Long-Term Benefits)
(excluding investment income)

Contribution Rate (percent of insurable average)	2012	2011	2009
Gross rate	4.50%	4.50%	4.50%
Other income	0.04	0.04	0.03
Total contributions	4.54%	4.54%	4.53%
Administrative expenditure	(1.50)	(1.48)	(1.47)
Grants	(0.19)	(0.19)	(0.22)
Non-contributory pensions	(0.50)	(0.55)	(0.62)
Net rate for contributory pension benefits	2.35%	2.32%	2.22%



7. Actual and Expected Number of Pensions

Table 36 shows the ratio of actual versus expected number of pensions, derived from the former projections.

Table 36
Actual versus Expected Demographic Projections
(as at 31 December 2011)

	Actual / expected (%)
Invalidity pensions	0.94
Retirement pensions	1.04
Survivors' pensions	1.04
Active contributors	0.95

8. Trend of Actuarial Cost Reserves and Period of Equilibrium

Table 37 shows the comparison of the PAYG rate, reserves and the period of equilibrium in the past three years showing the gradual actuarial maturity of the long-term branch.

The projections show the following ratios, indicative of the gradual maturity of the long-term branch.

Table 37

	2011	2008
PAYG rate ^{a/}	5.24%	4.83%
Reserves (millions of BZ\$)	\$304	\$262
Period of equilibrium	6 years ^{b/}	10 years

^{a/} Expenditure as a percent of insurable earnings

^{b/} Incidence of the economic slowdown and lower interest rates

9. Gross Mortality Rates

Table 38 shows the crude gross rates of mortality of pensioners, which in the future can provide reliable indicators to develop mortality tables adapted to the experience of Belize. The denominator is based on the number of pensions at 1 January of each year.

Table 38
Rates of Mortality and Terminations

	2011	2010
Invalidity ^{a/}	15.0	15.2
Retirement	3.0	3.9
Widows	2.0	2.4

^{a/} Includes death and recovery



10. Demographic Projections

Table 39 shows a summary of the demographic projection, based on legal provisions in force, with the last two columns showing the ratios of retirements and total pensioners to the active insured (demographic ratios).

Table 39
Summary of the Basic Demographic Projections

Year	Number of Pensioners				Demographic Ratios ^{3/}		
	Number of Contributors	Retirement	Invalidity ^{1/}	Survivors ^{2/}	Total	Retirement Pensions (%)	All Pensions (%)
2011	86,551	3,799	340	2,292	6,361	4.4%	7.4%
2015	90,065	4,791	365	2,497	7,653	5.3	8.5
2020	94,660	6,556	399	2,882	9,837	6.5	9.9
2025	99,488	9,547	436	3,326	13,309	9.6	13.7
2030	104,563	13,607	477	3,835	17,919	13.0	17.4
2040	115,503	23,870	570	5,092	29,532	20.7	25.6
2050	127,587	36,467	682	6,741	43,890	28.6	34.4
2060	140,935	42,038	815	8,897	51,750	29.8	36.7

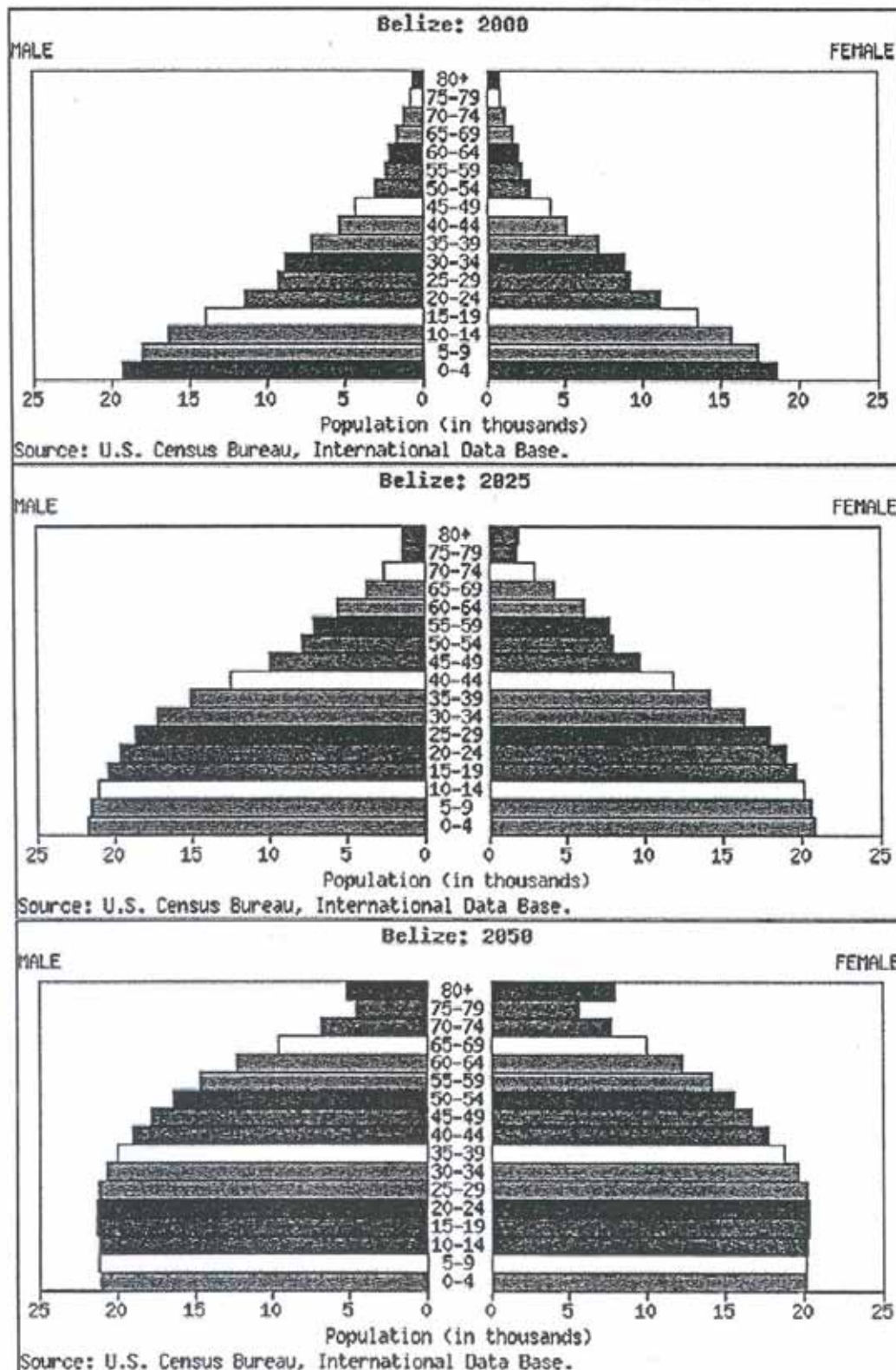
^{1/} Invalidity pensions are converted into age pensions at age 65.

^{2/} Widows and orphans.

^{3/} Ratio of pensioners to active insured, in percent, excluding non-contributory pensions.



Population Pyramid Summary for Belize





11. Financial Projections

Financial projections are subject to a greater degree of variability than demographic projections, due to the sensitivity of financial forecasts to changes in economic assumptions, such as the level of salary trends and inflation. The financial projections are based on the provisions in force, but assuming a dynamic adjustment to the ceiling and pensions in force in correlation with inflation.

Table 40 presents a summary of the financial projections, with the last two lines showing the ratio of total expenditure to insurable earnings in percent, an indicator of the “pay-as-you-go” premium of the branch. The funding requirements of the branch are naturally lower, since investment income provides additional resources, albeit at a decreasing rate, as shown below in the projection of reserves. With a static ceiling on insurable earnings, a scenario which is not sustainable medium-term, the negative gap between income and expenditure tends to expand steadily, yielding a deficit that increase to \$24 million in 2020 and \$361 million in 2050.

The PAYG ratio (expenditure/insurable earnings) also increases steadily from 5.6% (higher than the statutory contribution rate of 4.5% of insurable earnings plus a supplement of 0.4% for “other income”, to 6% in 2015, 9.5% in 2025 and 25.4% in 2050, providing an indicator of the income that will be required in the future to ensure the financial sustainability of the long-term branch, after offsetting the incidence of investment income.

Alternative projections with dynamic ceiling yields slightly lower PAYG ratios, with an ultimate ratio of 18.6% rather than 26.4%. However, under both scenarios, the present statutory contribution rate of 4.5% of insurable earnings is not efficient to cover total expenditure, with a steadily rising gap between contributions and expenditure, with the deficit covered by a decreasing share of investment income, until a **period of equilibrium** is reached, when the investment income is not sufficient to cover the deficits. In the absence of adjustments to the contribution rate, reserves would then start declining as shown below.



Table 40
Summary of the Financial Projections (ex – Investment Income)
(Amounts in millions of BZ\$)

	2012	2015	2020	2025	2030	2040	2050
3 Insurable earnings ^{a/}	777	825	911	1006	1111	1356	1655
4 Contributions	35.3	37.4	41.3	46.6	504	61.5	75.1
9 Retirement pensions	19.6	23.8	35.9	57.7	91.8	194.1	361.5
12 Invalidity pensions	2.7	3.1	3.7	4.5	5.5	7.9	11.4
15 Survivors pensions	4.6	5.3	6.8	8.6	11.0	17.8	28.7
17 Funeral grants	0.9	1.0	1.1	1.2	1.3	1.6	2.0
17' NC Pensions & other	3.9	4.1	4.6	5.0	5.6	6.8	8.3
18 Total benefits	31.8	37.2	52.0	77.0	114.1	228.2	412.0
19 Administrative expenditure	11.5	12.3	13.5	14.9	16.4	20.1	24.5
20 Total expenditure	43.3	49.4	85.5	91.9	30.5	248.2	436.4
21 Current income – expenses	(8.0)	(12.0)	(24.2)	(45.2)	(80.1)	(186.7)	(361.3)
23 PAYG ratio (static %) ^{b/}	5.6	6.0	7.2	9.1	11.7	18.3	26.4
23' PAYG ratio (dynamic %)	5.6	5.8	6.8	8.2	10.1	14.3	18.6

^{a/} Present ceiling on insurable earnings

^{b/} Total expenditure / insurable earning (state ceiling)

12. Projection of Reserves and Periods of Equilibrium

Table 41 shows a basic projection of actuarial reserves, as a by-product of the statutory contribution rate and the financial projections, with a rate of return on investment of 5 % per annum, deducting investment expenses.

Table 42 shows sensitivity tests of reserves and periods of equilibrium under alternatives regarding static / dynamic provisions (ceiling and pension adjustment), and alternative rates of interest, up to the year 2050. Periods of equilibrium range from only 5 years with a 4% rate of return to 10 ½ years with a 7% rate of return.

With a dynamic ceiling, the periods of equilibrium increase by one year, as the high rate of maturity of the long-term branch is reflected on a marginal effect on the period of equilibrium.

The projections show the high sensitivity of the reserves due to variation or the interest assumptions. With a 5% rate of return, (period of equilibrium of 7 years), maximum reserves of \$337 million are reached in 2017/18, and the decrease steadily becoming negative in 2030. 1% increase in the interest assumption to 6%, yields higher reserves and a period of equilibrium of 9 years.

It is also noted that once the reserves become negative, the higher the negative rate of return the higher the deficit, as measured by a higher level of negative reserves.



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Table 41
Projection of Reserves
(amounts in million of BZ\$)

	Income less expenditure ^{a/}	Investment income (5% rate)	Net income	Accumulated reserve	Reserve ratio
2011	(6)	15	7	304	7.0
2012	(7)	16	11	311	7.4
2013	(8)	15	10	319	7.3
2014	(9)	16	10	325	7.2
2015	(10)	16	9	331	7.0
2016	(12)	16	8	335	6.8
2017	(14)	16	6	337	6.5
2018	(16)	16	5	337 ^{b/}	6.1
2019	(18)	16	3	334	5.8
2020	(21)	16	0	329	5.4
2021	(24)	15	(4)	320	5.2
2025	(41)	11	(24)	236	2.7
2030	(72)	(2)	(69)	(37)	(0.3)
2035	(115)	(11)	(144)	(608)	(3.8)

^{a/}Reserve / Expenditure

^{b/}Period of equilibrium

Table 42
Alternative Projections of Reserves and Periods of Equilibrium
(amounts in millions of BZ\$)

Investment return	2011	2015	2020	2025	2030	2040	2050
4%				PE: 5 to 5.5 years			
Static Ceiling	304	318	296	181	(109)	(1,660)	(5,622)
Dynamic ceiling	304	319	302	194	(94)	(1,717)	(6,069)
5%				PE: 7 to 7.5 years			
Static Ceiling	304	330	329	235	(37)	(1,635)	(5,994)
Dynamic ceiling	304	332	335	249	(21)	(1,690)	(6,463)
6%				PE: 9 to 9.5 years			
Static Ceiling	304	344	365	299	53	(1,560)	(6,299)
Dynamic ceiling	304	345	371	313	71	(1,612)	(6,790)
7%				PE: 10 ½ to 11 years			
Static Ceiling	304	358	407	372	165	(1,416)	(6,475)
Dynamic ceiling	304	359	410	387	185	(1,464)	(6,986)

PE: Period of equilibrium



13. Level Premium (Discounted Average Premium)

Average premium rates would theoretically generate a quasi fully funded scheme, a model which is not very common in social security schemes. Table 43 show scenarios of level premiums with rates of return for investments and retirement ages. As compared to the present contribution rate of 4.5% of insurable earnings, the discounted average premiums for a period of 50 years would require contributions 12.1% and 14.9% of insurable earnings, on the basis of present provisions regarding retirement ages (60/65 years). Amended provisions setting a retirement age of 65 years reduce the rates to a lower range. A dynamic ceiling on contributions would reduce the level premiums, but still remain at 2 ½ to 3 times the statutory allocation of 4.5% of insurable earnings.

Table 43
Average Premium Rates (50 years projection)
Pension Adjustments (ad hoc)

		Average Premium Rates			
Nominal rate of return	Real rate of return	Static ceiling		Dynamic ceiling	
		65	60/65	65	60/65
4%	2%	12.9%	14.9%	11.3%	13.1%
5%	3%	11.6%	13.5%	10.4%	12.1%
6%	4%	10.4%	12.1%	9.5%	11.2%

14. Incidence of a transfer of EI Branch of Reserves and Non-Contributory Pensions

If \$50 million in surplus assets are transferred from the EI branch to the long-term branch, the period of equilibrium would be extended by about two years. The level of reserves would be higher in the transitional period and then decline steadily.

If the financing of new non-contributory pensions is transferred to the Government, another extension of about two years would be reflected in the period of equilibrium, differing the need to adjust the rate of contributions by a similar period.

15. Actuarial Present Value of Obligations and Assets

As required by IAS-19/26 and IPSAS, Table 43 shows the actuarial present value of pensions in payment, and Table 44 the obligations including the active staff, with a funding ratio of 50.8% at the valuation date. The difference between the obligations and the assets will be compensated with future adjustments to the joint contribution rates, in accordance with the “scaled premium” system of finance, as stipulated on Sections 45 and 50 of the Act, and Sections 17 (3) and 17 (4) of the Financial Regulations.

It is noted that the SSB qualifies as a **State Plan**, according to international accounting standards.



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Table 44
Actuarial Present Value of Pensions in Payment (31 December 2011)
(Amounts in thousands of BZ\$)

Type of pension	Number	Payroll	Actuarial Present Value (discount rate)		
			5%	6%	7%
Retirement (age)	3,779	15,049	167,644	155,574	145,124
Invalidity	341	1,847	28,313	25,543	23,222
Survivors	2,257	4,005	63,179	55,578	49,559
Total	6,377	20,901	259,136	236,695	217,905

Table 45
IAS 19/26 Accounting Disclosures
Actuarial Present Value of Accumulated & Projected Obligation
(31 December 2011)
(Amounts in thousands of BZ\$)

Accumulated benefit obligation active insured	235,852
Projected benefit obligation active insured	381,268
Pensions in payment	217,905
Total obligations	599,173
Market value of assets	304,276
Funded ratio	50.8%

Actuarial Bases

Mortality Table: GAM-83

Discount rate: 7%

Mortality of Invalidity pensioners: Non-Disabled lives + 4 years Supplementary benefits:

- Survivors: Loading factor of 14.4% for male pensioners
- Loading factor of 10% for future invalidity pensions, death in service and grants.



VI

ACTUARIAL ASSESSMENT OF THE NATIONAL HEALTH INSURANCE PROJECT

1. Background

As stipulated in Part VI of the Social Security Act, the Board has been entrusted with the management of the National Health Insurance Scheme. However, the financing regulations have yet to be enacted and transitional pilot projects have been in operation in specific areas of Belize City, and more recently in the Southern Region (Stann Creek and Toledo Districts).

2. The Health Care Model in Belize

Belize has a multiple health care model based on three pillars, namely: a) services provided by the MOH, b) limited regional services provided by the NHI, and c) private services through insurance companies or facilities offshore.

The NHI pilot project is limited in coverage; its restricted package of benefits (excluding surgery, general hospitalization and other services), was funded in its entirety by the SSB until December 2007, co-financed with GOB transfers as from 2008 and entirely by GOB funds as from 2009.

3. Financing of the Project

In the first phase the pilot projects were financed by the SSB, which implied a substantial financial burden to the SSB of about BZ\$40 millions. From a fiscal standpoint, the redistribution of income was very regressive, as funds contributed by all stakeholders were utilized to benefit a small segment of the population, regardless of their social insurance status.

As from late 2006, in view of the financial inability of the SSB to earmark additional funds for the roll-out (expansion) to additional geographical areas, the Government began to supplement the funds allocated by the SSB with transfers from the MOH budget and direct Government transfers. As recommended in actuarial assessment, no further SSB subsidies were feasible, and as from 2009 the pilot projects have been financed exclusively by GOB transfers to the SSB, and residual reserves from previous SSB transfers, which have been consumed.

4. Actuarial Systems

The EI scheme operates on a pay-as-you-go basis, with income based on GOB contributions equivalent to expected expenditure, and a margin for a contingency reserve. The same system would be applied if the financing model were expanded to include additional sources of revenue.



5. NHI Financial Trends

Table 46 shows the income expenditure and reserves of the NHI scheme. GOB transfers increased substantially in 2009 and 2010 but remained static in 2011. Benefit expenditure increased by 20% in 2010 (18% in 2009), but also remained static in 2011. Operating expenses rose by 11% in 2011, still lower than the amount spent in 2007 and 2008, which included consultancies and non-recurring items. Overall, NHI expenses in 2011 increased by 1%, after a 20% increase in 2010. Reserves declined to \$1.8 million, but no assessment is available of outstanding benefits claims; which would reduce further the net amount of reserves.

Table 46
Financial Trends of the National Health Insurance Fund
Amounts in BZ\$

	2011	2010	2009
Government of Belize	14,000,004	14,245,864	12,754,140
Total contributions	14,000,004	14,245,864	12,754,140
Benefits	13,426,568	13,355,728	11,085,853
Operating expenses	879,850	792,005	691,644
Total expenditure	14,306,418	14,147,733	11,777,497
Excess of income over expenditure	(306,414)	98,131	976,643
NHI Reserves	1,835,698	2,142,113	2,043,982

6. Financial Ratios

Key financial ratios have evolved as shown in Table 47.

Table 47

	2011	2010	2009
Benefits as % of contributions	95.9	93.7	86.9
Total expenses as % of contributions	102.2	99.2	92.3
Operating expenses as % of benefit	6.6%	5.8%	6.2
Fund ratio (reserves ÷ total expenditure)	0.13	0.15	0.17
* In months	1.6	2.0	1.6

The analysis shows a level of reserves equivalent to only 1.6 months of expenditure, below international accepted benchmarks. The ratio would decline further if outstanding claims are deducted from the reserves. Therefore, a key task of the NHI is to strengthen the Fund Ratio with contingency reserves equivalent to six months average expenditure, to cover potential increases in claims on the need for additional GOB funding.



If outstanding claims are equivalent to 7% the average monthly benefit expenditure, a rather liberal ratio, about \$940,000 would be deducted from the gross reserve, or about one-half the reserve registered in the accounts, reducing the actuarial reserve to less than one month of expenditure.

7. Summary of Financial Operations by Region

Table 48 shows a summary of the financial operations by region, according to the NHI activity reports, with a non-material difference with the amounts reported in the audited financial statements. Expenses in Southside Belize decreased by 10% and increased by 10% in the Southern Region.

Table 48
Financial Operations by Region

	Amount ^{a/}	Distribution	Distribution	Distribution	Amount	Distribution
	2011		2010		2009	
South Side Belize City	8,001	56	8,964	62%	6,89	58%
Southern Region	5,026	35	4,587	32	4,18	36
Total purchasing expenses	13,426	91	13,551	94%	11,0	94%
Administrative expenses	880	9%	812	6% ^{a/}	691	6
Total expenses	14,306	100%	14,363	100%	11,769	100%

(Amounts in thousands of B\$)

^{a/}Marginal difference with SSB financial statements

8. Cost of Benefits by Type of Service

Table 49 shows the cost of benefits by type of service and region. Services in the Southern Region are limited to PCP, Ophthalmology and hospital deliveries. PCP for 63% of total benefits expenditure, pharmaceuticals declined to 15% from 18% the previous year and Lab tests also declined to 12%. This might be due to an increase in utilization by a larger population in Southern Belize. Lab tests decreased by 12%.

Table 49
Benefit NHI Expenditure by Specific Service, in percent

	2011	2010	2009
Primary Care	63	58	49
Pharmacy	15	18	21
Imaging	6	5	8
Lab tests	12	14	15
Ophthalmology	1	2	1
Hospitalization ^{1/}	3	4	6
Total (both regions)	100	100	100

^{1/}Deliveries only



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9. Membership Data

Table 50 shows the membership (beneficiaries) data for the last four years, with a 5% increase in the number of beneficiaries in 2010, lower than the rate of increase in expenditure.

Table 50
NHI Membership Southside Belize and Southern Region (December)

	2011	2010	2009	2008
BFLA	10,900	10,263	9,270	8,451
BMA	12,000	12,000	11,416	8,451
Integral	12,000	12,000	12,000	10,471
M. Roberts	12,000	12,000	12,000	12,000
Sub	46,900	46,263	44,686	42,922
Dangriga	13,895	12,856	11,558	9,912
Independence	12,731	12,647	12,280	11,413
Punta Gorda	11,410	10,752	9,995	8,944
San Antonio	9,443	9,106	8,673	7,938
Sub-total	47,419	45,361	42,506	38,207
Total	94,319	91,624	87,192	81,129
Average for the year	92,971	89,408	84,161	75,985

10. Actuarial Cost of the Pilot Project

Table 51 shows the actuarial costs as a percent of the wage-base, showing stable actuarial cost in 2011 and 2010, as compared to 5.23% in 2009, due basically to higher unit costs in Southern Belize, assuming a “notional” wage base of 30% the total SSB insurable earnings.

Table 51
Estimated Actuarial Cost of Benefits
(Amounts in thousands of BZ\$)

	2011	2010	2009	2008
SSB wage base	761,000	751,000	749,000	720,000
NHI beneficiaries (average)	94,319	89,408	84,161	75,985
NHI wage-base (30%) ^{1/}	228,000	225,000	225,000	216,000
NHI benefit expenditure	13,426	13,356	\$11,084	9,386
Administrative expenditure	880	782	\$664	894
Total expenditure	14,306	14,138	\$11,749	10,280
Cost as % of wage-base	6.27%	6.28%	5.23%	4.76%
Cost per member per year	\$154	\$158	\$140	\$135

^{1/}Estimated average wages of the low income and indigent segment of the NHI target population.



NHI has been covering a rather limited range of benefits, excluding key services such as general hospitalization, surgery, drugs to out-patients, etc. Adding this to the package of benefits would entail additional costs to be borne by the GOB.

The total cost of a comprehensive package of benefits to the total population of the country (universal coverage) would amount to approximately 7.5% to 8.5% of the SSB insurable earnings, or BZ\$60 million. Deducting from this amount the GOB budget for healthcare with the Ministry of Health and other statutory bodies, and private health insuring policies, would provide a general indication of additional resources required to set up a universal National Health Insurance Plan in Belize, funded by contributions and / or earmarked taxes.

11. Conclusions and Recommendations

The GOB has in place a pilot project for residents of a section of Belize City and the Southern Region, financed by budget transfers.

The reserve ratio declined in 2011, and represents only 1.6 months of expenditure as at 31 December 2011, a ratio that might fall by one-half taking into account outstanding claims by medical providers not reflected in the financial statements, for below accepted benchmarks of six months' average expenditure.

The estimated actuarial cost is assessed at 6.27% the notional wage base of the targeted population and the unit cost per beneficiary is assessed at \$154 per year. Primary health services account for about 60% of total benefit expenditure, and closer coordination of services with the Ministry of Health might improve the cost ratios.

The actuarial cost to cover additional geographical areas under alternative financing scenarios was assessed in an actuarial report submitted by the actuary in June 2008 (NHI Assessment of Actuarial Costs and Financing Options), which should be updated based on emerging trends.

The authorities have not yet adopted a decision on the roll-out strategy or the financing of the scheme, and more comprehensive actuarial assessments should be carried out once policy decisions in this respect are adopted.



VII

ACTUARIAL ASSESSMENT OF THE INVESTMENTS (2011)

(Third Schedule of the Act, Section 17)

Pursuant to the legal provisions, an analysis from an actuarial standpoint is presented below of the investments, the strategic assets allocation, and related technical issues, as required by the Third Schedule of the Social Security Act, as a supplement to the statutory actuarial valuation. The actuary has expanded specific conceptual and operational elements, to assist the Board and the Investment Committee on the design and execution of a sound investment policy and strategic asset allocation.

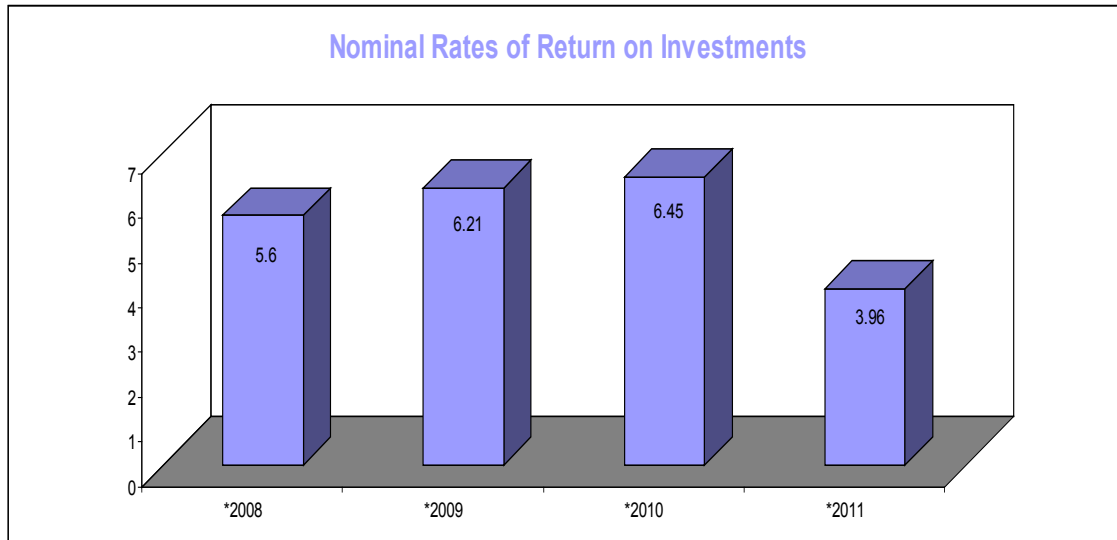
A. Executive Summary

The analysis shows the following relevant factors:

1. Investment income in 2011 was penalized by an accounting charge of \$7.86 million (\$528,669 in 2010), as a provision for loss on investments (Note 12 of the Financial Statements), reducing the nominal rate of return (ROA) from 6.45% in 2010 to 3.96% in 2011. The provision for loss on investments was also increased from \$4.715 million to \$12.759 million in 2011 (Section on Mortgages & Housing Investment Listing, Financial Statements).
2. The strategic asset allocation of the portfolio meets the ISSA and SSB policy guidelines, stating that no type of investment should exceed 20% of the portfolio.
3. In view of the increased actuarial maturity of the scheme, the Board is advised to seek an adequate level of liquidity on new investments, and to maintain the share of allocations with actuarial liquidity in the portfolio at or above 18 months total expenditure, assessed at \$126 million at 31 December 2011. "Actuarial liquidity" means that the investment could be realized in cash when actuarially required, with an investment horizon which, at present, is less than 10 years.
4. The sectoral analysis shows that the investment portfolio includes high risk positions, with non-performing assets that might require a write-off, duly accounted for so far by the 2011 increase in accounting provisions.
5. The actuary also advises cautionary measures in non-liquid assets as collateral on commercial loans, such a land or fixed assets, which might have a fair value lower than the appraisal value in case of a forced liquidation. Earmarking deposits on financial banks as a special window for commercial loans, is a preferable alternative to a direct loan between the SSB and the borrower, with the Bank responsible to the SSB for the safety of the investment.
6. The actuary further advises to avoid additional purchase of shares, as there is no active securities market in Belize, and thus potential medium term liquidity concerns, as well as the higher risk of a shareholder as compared to a bondholder.
7. Although the "nominal return" was below the 8% benchmark for 2011, an alternative



assessment shows: i) an “adjusted nominal return” of 6% taking into consideration notional capital gains on the shares of BEL and BTL, but still below the benchmark, ii) an “adjusted nominal return” of 7.77%, assuming the \$7.86 million charge was a non-recurrent event, slightly below the benchmark.



8. It is noted that the benchmark for 2012 would be lower than 8%, as interest rates in the financial markets have been falling significantly. An assessment will be submitted by the actuary to the Board at the close of the first semester of 2012, with a preliminary 7% nominal benchmark for 2012, 1% lower than in 2011.
9. The 8 June 2012 liquidity position shows: a significant reduction on the rates of interest payable by the local banks, due to excess liquidity and restrained demand by personal and institutional borrowers. It is not possible to ascertain for how long this cycle will persist, but as the economic slowdown subsides, the demand for loans and thus the “passive” rates of interest should again move upward.
10. Negotiations regarding the rates of interest payable by local banks might include members of the Board as the Investment Committee, to strengthen the pressure of the SSB for most favourable status regarding the “passive” rates of interest. As at June 2012 the average rate of interest on term deposits stood at 5.425%, with a spread (minimum / maximum) of 1.8 percentage points (7.5% - 4.6%) between two banks. The Board might consider reducing the allocation to the Banks with low yields, **provided** the safety ranking of the other banks are adequate.
11. The Board is further advised that the GOB interest rates on Treasury Notes of 7.5% is much higher than the rates payable by commercial banks, an inverse situation as compared to the North American financial system, where Treasury obligations have an inherent higher safety ranking, and thus, yield lower interest rates than comparable private sector issues.
12. As shown in the actuarial report, the consolidated expenditure of \$64.7 million exceeded



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contributions by \$3.8 million in 2011, as compared to only \$1.6 million in 2010. The gap is expected to expand every year, as contribution income, restrained by a frozen ceiling on contributions, will increase at a lower rate than benefit expenditure, putting pressure on the need for liquid investment income to cover the deficit.

13. The Board is also advised to negotiate with the banking sector the establishment of “special deposits”, for loans to private enterprises or individuals (earnmarked), at the same rates that “active” interest rates payable by borrowers, allowing the banks a profit margin of 1.5% to 2% of the fund, yielding a net SSB return that might be higher than the “passive” rates on term deposits. To this effect, the SSB financial area should inform the Board, on a half-monthly basis on-going rate charged by the books on personal and institutional loans, plus closing costs.
14. Provided credit unions are subject to comprehensive evaluation by the authorities regarding financial soundness and adequate internal risk management practices, duly audited by reputable accounting firms, the Board might increase the allocations to these institutions to facilitate access to credit by a wider spectrum of the insured population. The same benchmarks on the rates of interest applicable to the banking sector should apply to the credit unions.
15. Economically Targeted Investments (ETI) to domestic entities to enhance economic development and employment creation could be considered, despite the rising actuarial maturity of the SSB. However, these investments entail a **higher risk** than direct deposits with financial institutions, and therefore should carry a higher **adjusted rate of return**. As a guideline, such loans should be made at rates of interest 2% to 3% higher than the average passive rates of interest, provided a qualified feasibility study on the adequacy and profitability of the project has been carried out.
16. The SSB loan should not exceed 70% the cost of the project and/or the guarantees provided by the borrower. However, the actuary reiterates that such loans are better channeled through financial institutions, avoiding the direct contractual obligation between the SSB and the commercial entity.
17. As the GOB has a direct subsidiary obligation to guarantee the financial solvency of the SSB, the purchase of additional Treasury Notes or Bonds, when available, are deemed a more secure investment than private sector obligations.
18. The actuary reiterates that the SSB is in the midst of a second-phase of actuarial maturity, with contributions lower than expenditure by a steady widening margin, as shown in the actuarial valuation. Therefore, the availability of cash for new investments arises exclusively from a decrease share of investment income. Therefore, allocations to instruments that do not provide liquid cash returns would restrict the availability of cash to meet current obligations and require the liquidation of cash deposits medium-term to pay benefits.



19. Actuarial Concept of Liquidity

The actuarial liquidity concept is as follows, which might differ from the financial concept, comprising basically investments in cash or readily available financial instruments.

- i) Is expected to generate current income,
- ii) Can be realized medium term (as needed) at a market value equal or higher the original (fair value),
- iii) Is not limited to investments in financial institutions such as CDs or Term Deposits
- iv) Complies with the basic principles of **Safety and Profitability**
- v) Abetting socio-economic developments is a **subsidiary** consideration, providing the investment meets basic investment criteria.

B. Specific Analysis

1. Performance Analysis

The actuarial valuation report shows a consolidated performance of the investment portfolio in 2011 lower than in 2010, as shown below, due to reduction in the market rates of interest and investment losses:

Table 1
Rates of Return on Investments

	2011	2010	2009	2008
Amount (in thousands)	\$16,226	\$24,784	\$21,315	\$18,298
Nominal return	3.96%	6.45%	6.21%	5.60%
Real return ^{1/}	2.42%	5.50%	7.39%	(0.01)%

^{1/}After inflation

The nominal return declined to 3.96%, from 6.45% in 2010, and the inflation adjusted real return to 2.42%, below the 3% actuarial benchmark. The future performance will weigh more heavily on dividends than in the past, which are subject to higher volatility than interest on fixed income deposits.

2. Distribution of the Investments

The SSB investments are made on a “pooled-fund” basis, rather than by branch, and then distributed by branch in accordance with the assets of each branch, as an interpretation of the provision of Section 14(2) of the Financial Regulations. In the last two fiscal years the Board increased the allocation in Associates and reduced the proportion in short-term loans. **The focus on term deposits (long and short-term) is in accordance with the actuarial recommendation to increase the liquidity of the portfolio, due to the maturity of the scheme.**

The distribution of the investment portfolio is shown in Tables 2 and 3, with a slight reduction in short-term allocations and a correlated increase in the allocation to BEL and BTL.



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Table 2
Distribution of the Investment
(at 31 December)

	2011	2010
Term deposits	107,727	114,364
Crop loan (citrus growers)	7,613	7,677
GOB Treasury Notes	10,500	10,500
Small Farmers bank	0	(188)
Sub-total (Short-term)	125,840	132,353
BEL (shares)	68,359	67,852
BTL (shares)	60,317	54,592
Sub-total Associates	128,676	122,444
Private sector loans	55,979	51,751
Term deposits	9,691	3,500
Real estate	12,533	15,598
Shares, mortgages & others	25,627	33,812
Sub-total (long-term)	103,830	104,661
Total investments	358,346	359,458
Cash	13,259	9,614
Total investment & cash	371,605	369,072
Other assets	48,551	46,722
Total assets	420,156	415,794
Liabilities & deferred income	(10,022)	(19,230)
Net reserves	410,134^{a/}	396,564

^{a/} Includes \$1.8 million of NHI funds

Table 3
Percent Distribution of the Investments (31 December)
(at 31 December)

	2011	2010
Short-term	35.1%	36.8%
Associates	35.9	34.1
Long-term	29.0	29.1
Total	100%	100%



3. Financial Risks Factors

The financial statements (Note 3) outline the financial risk factors the Board is exposed to: Price, Credit, Liquidity, Operational, Foreign Exchange, Cash flow and Interest Rate Risks, without specifying any qualifications. Of special concern from an actuarial standpoint are the Price risk, to be reduced by the diversification of the portfolio; the Credit risk, arising from the inability to pay by debtors (mortgages, loans, derivatives products), and the Liquidity Risk, which is becoming more important as the maturity of the scheme increases.

4. Comments on the Contingent Risk and Liquidity Levels of the Investments

a) Short-Term Investments (\$125.8 million)

Term deposits at local banks represent 35.1% of the investment portfolio, and are considered a “liquid” investment, subject to the financial health of the banks. Amount allocated to a Credit Union increased from one million to \$4.565 million in 2011, and Treasury Notes were static at \$10.5 million. The performance on the Credit Union investment should be monitored, as well as a crop loan at 10% interest for \$7.6 millions. Renewals subject to positive performance of the loans.

b) Investments in Associates (Shares & Debentures)

- **Belize Electricity Ltd. (BEL):** The investment in BEL **shares** represents 19% of the portfolio, close to the 20% ceiling. As a shareholder, the SSB risk level is higher than as a bondholder. Further, as a regulated utility, the annual return can fluctuate but the intrinsic risk of insolvency is lower due to the characteristic of BEL. The SSB also holds \$700,000 in debentures at 10% to 12% interest.
- **Belize Telemedia Ltd. (BTL):** The \$60.3 million investment in **shares** have a higher ranking than BEL shares, as the potential for profit (dividends and capital gains) has a better profile.
- **Belize Water Services:** The SSB holds \$4,000,000 **shares**, with a variable return potential due to the social nature of this regulated utility. It also awarded a **loan** of \$22 million at 8.5% interest, of which \$20.5 million is still outstanding. **Liquidity Level: Low.**

c) Other Investments

- **Atlantic Bank:** Term deposits of \$9.6 millions maturing in 2014 and \$6.2 million in **shares**.
- High risk latent on several private sector loans, as well as mortgages. The external auditors have already registered provisions associated to these investments. Policy regarding “direct” private sector loans should be reviewed.

5. Accounting Provisions for Losses

Table 4 shows the provision and charges for investment losses registered by the SSB in the 2011 financial statements. A total of \$7.86 million has been charged to investment income in 2011, as compared to only \$528,669 in 2010. The charge against investment income reduced the 2011 real return on investments below the 3% actuarial benchmark.



The amount of \$1,028,000 for private sector loans remained stable in the last two years, but the provision for mortgages and housing loans was increased to \$12.76 million, as compared to \$4.72 million in 2010. Therefore, the external auditors have adopted a more restricted stance on the probability of recovery of non-performing loans, with a material incidence on the SSB financials situations. In particular, the SSB is advised to seek guarantees with a high level of liquidity, rather than land and other fixed assets, with a fair value in case of liquidation much lower than the appraised value.

Table 4
Accounting Provisions and Losses

	2012	2011	Increase
Loss on investment income	7,856,725	528,669	7,328,056
Private sector loans (provision)	1,028,000	1,028,000	0
Mortgages & loans / loss provisions	12,759,725	4,715,000	8,044,725

6. **Funds for Future Investments**

Due to the incidence of accounting charges and provisions for investments losses, the total investment portfolio and cash remained practically stable at \$371.6 million (\$369.1 million in 2010). For 2012 the availability of funds for new investments would depend on:

- Interest income on short-term deposits, with consolidated deposits of \$107.7 million, or 29% of the investment portfolio. **As banks have been reducing the rates of interest due to excess liquidity**, the income from fixed deposits (excluding the 2011 substantial \$7.86 million charge for investment loss) might decrease from \$15.3 million in 2011 to \$12 million in 2012.
- Income from Associates of \$6.8 million might remain stable, **provided no postponement occurs on the distribution of dividends on shares and bonds.**

Taking into account marginal income on new investments with fresh funds, might result in total investment income of approximately \$19 to \$20 million in 2012, as compared to \$16.2 million in 2011 (which includes the \$7.8 million charge), and \$24.8 million in 2010. No capital gains are expected to be recorded in the 2012 financial statements. **Of that total, \$4.5 to \$5 million will be required to cover the gap between contributions and expenditure.**

7. **Investment Income Receivable**

The balance rose marginally to \$6.58 millions in 2011, due to the increase in receivables for Sunshine Holding Ltd., as shown below.



Table 5
Investment Income Receivable

	2011	2010	2009
Sunshine Holdings Limited	\$1,704,933	\$503,581	\$3,639,863
Other loans and mortgage portfolios	834,437	812,454	726,320
Certificates of deposit	4,042,713	4,933,970	4,384,726
Savings account	-	-	15,530
	\$6,582,083	\$6,250,005	\$8,766,439

8. Investment Policy and Strategic Asset Allocation

The SSB manages risks in accordance with the provisions of the Social Security Act. The investment policy is determined by the Board, based on recommendations by the Investment Committee. The investment policy complies with the ISSA investment guidelines, by limiting a single investment to a ceiling of 20% of the reserves.

The Board is advised to avoid additional allocations on specific ventures in 2011, that will reduce further the proportion of short-term investments and the liquidity of the Fund. **Therefore, as a general guideline, the actuary advises to keep the allocation on fixed deposit above 33% of the investment portfolio, in order to ensure an adequate liquidity position for the period 2012/13, and to maintain a cash position at a minimum of three months' average total expenditure.**

9. Benchmarks and Investment Performance

Benchmarks for pension and investment funds in industrialized economies have been developed to measure the actuarial performance of an investment portfolio. A common index for equities could be the SP500, and for bonds (fixed income), Corporate or Government obligations or a similar indicator developed for a diversified portfolio of bonds on a national or regional basis. No similar benchmarks are available in Belize, where no established stock market is in operation, although the SSB has periodically purchased shares of private companies or statutory bodies.

To assess the performance of the Fund most representative indicator in Belize at present are a combined ratio of the rates payable in Government Bonds or Bills and Term Deposits in financial institutions. The rates payable by the Central Bank seem to be dependant on monetary policy rather than market trends.



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To measure the 2011 performance we have developed an “adjusted nominal return”, by assessing the nominal return including notional “**capital gains**” on the investment in shares of BEL and BTL. The adjustment would increase the nominal return from 3.96% to a maximum of 6% in 2011, depending on the assumptions.

Assuming that the substantial charge for investment loss of \$7.8 million is a “non-recurring event”, would yield another measure of the investment performance, with an adjusted nominal return of 7.77%, slightly below the 2011 benchmark, as shown in Table 6.

Table 6
Alternative Nominal Rates of Return

	Nominal Return
Benchmark (2011)	8.00% ^{a/}
A. Nominal return	3.96% (substantially below benchmark)
B. Adjusted nominal return assuming future capital gains on shares in associates	6.00% Maximum (below benchmark)
C. Adjusted nominal return excluding also the non-recurrent loss	7.77% (slightly below benchmark)

^{a/}7% for 2012 (preliminary)



Annex A

SOCIAL SECURITY BOARD

ASSESSMENT OF THE NON-CONTRIBUTORY PENSION SCHEME



ASSESSMENT OF THE NON-CONTRIBUTORY PENSION SCHEME

1. Background

The payments of Non-Contributory Pensions (NCP) were transferred from the Ministry of Social Services to the SSB in July 2003, without a compensatory transfer of funds, therefore impacting negatively on the actuarial situation of the Long-Term branch. Although the contribution rate was increased by 1% of insurable earnings and assigned in its entirety to the long-term branch, which henceforth has been allocated 4.5% of insurable earnings, such an increase has been recommended in previous actuarial valuations as part of the scaled-premium system of finance, to guarantee the long-term solvency of the long-term branch, and not specifically to finance the NCP scheme.

In December 2007 the Government decided to add eligible males as beneficiaries of NCP and increased the payment to \$100 per month, which caused a significant increase in the number of beneficiaries and benefit expenditure.

A through review as from March 2008 to address unwarranted NCP and to introduce enhanced evaluation procedures, has resulted in a steady reduction in the number of NCP, as shown below.

2. Trend of Pensions in Payment

The total number of NCP has declined steadily from a peak of 4,934 early in 2008 to 3,281 pensions in payment at December 2011. The high mortality of pensioners and more thorough evaluation procedures contributed to offset the abnormal surge of pensions awarded during the initial phase of operations.

In the 2011 calendar year the actuarial performance of the NCP was positive, with a reduction in the number of active pensions in payment from 3,604 to 3,281.

The proportion of males continues to represent one-third the total numbers of pensioners, while the proportion of pensions in force in the Districts of Orange Walk and Belize represent 40.4% of the total, a slightly reduced proportion as compared to 40.4% in 2010.

Of 366 new applications in 2011 only 80 (22%) met the eligibility criteria, and the mortality rate of pensioners was assessed at 5.85% in 2011, based on the number of active participants at the beginning of the year.

3. Financial Trends

The following table shows the trend of benefit expenditure on non-contributory pensions as per the financial statements. Total benefit expenditure amounts to **\$23.8** million which, at 6% interest and adding a modest 5% to cover operational expenses, would yield long-term branch total expenditure and interest cost of almost \$30 million during the first 8 ½ years of operations, with a significant impact on the actuarial situation of the long term branch.



Table 1
Trend of NCP Pensions

	2011	2010
<u>Number of pensions in payment</u>		
Males	1,117	1,201
Females	2,164	2,403
Total	3,281	3,604

Table 2
NCP Benefit Payments
(Amounts in millions of BZ\$)

Year	Expenditure <small>a/</small>
2003	1.246
2004	2.010
2005	2.132
2006	2.211
2007	2.392
2008	4.934 ^{b/}
2009	4.702
2010	4.201
2011	4,189

^{a/} Financial statements. Include retroactive payments

^{b/} Males added as from December 2009

4. **Actuarial Cost of NCP**

The actuarial cost of benefits has evolved as follows, excluding management expenses:

Table 3
Actuarial Cost of NCP Benefits

Year	Percent of insurable earnings
2007	0.36%
2008	0.69%
2009	0.62%
2010	0.55%
2011	0.55%

For the actuarial valuation, the PAYG cost of NCP is assessed medium-term at an average



of **0.50% of insurable earnings**, with mortality of pensioners offsetting the award of new pensions to a significant extent, and assuming no further revaluation of pensions in payment for the next three years. Raising the initial eligibility age to 67 years for females would reduce the medium term cost to 0.45% of insurable earnings.

5. Projected Benefit Expenditure and Extension of the Period of Equilibrium

Assuming the SSB is able to control the cost of NCP, with no pension adjustments the next three years and modest adjustment thereafter, capitalized expenses over the next 10 years would amount to **\$50 million** approximately.

It is estimated that the transfer of NCP to the Government as from 1 January 2013 **would allow the LT branch to extend the period of equilibrium by an additional 2 ½ years, thus postponing the need to increase the contribution rate of employees and employers by a similar period.**

An alternative option would be to freeze the award of NCP by the SSB, with the Government responsible to cover the cost of future pensions by financial transfers to the SSB. Under this scenario the NCP expense borne directly by the SSB would decline steadily and become non-material in less than 10 years. In 10 years the number of survivors would decline from 3,281 to 900, and to only 200 in 16 years.

In the event that the SSB is unable to transfer the payment of NCP to the Government, cost containment strategies should continue to be applied by the Committee, in order to ameliorate its financial incidence of the scheme, including the enactment of the legal amendments to the NCP scheme, in particular the increase to 67 years the initial eligibility age for females and the 20 year residency requirement by naturalized Belizeans.

6. Amendments to the Non-Contributory Pension Legal Provisions

The actuary concurs with the recommendation of the NCP Committee to increase to 67 years the minimum entitlement age of females, in accordance with international guidelines to set the eligibility age two to three years higher than the SSB normal retirement age, to increase to 20 years the residency requirement for naturalized citizens, to allow only one NCP to spouses or persons in the same household, and the non-entitlement to a NCP if the individual has opted for the SSB grant.

Jointly with the re-allocation of contributions between the Short-term branch and the EI branch, and amendments to the Self-employed scheme, the proposals set forth above would constitute the initial set of legal amendments required by the SSB in the first phase. An option (transfer to the Government) would simply require deleting the NCP Regulations but keeping the Committee as the management entity of the scheme. Another option would require amendments to the respective sections of the regulations.

Section 18 of the regulations stipulates an **option** between the Grant and the NCP. As insured persons are allowed to claim the grant at ages **60 to 65 years**, the Committee should verify if claimants have previously received the grant, and if so, to disallow the NCP.



Annex B

BELIZE

SOCIAL SECURITY BOARD

PERFORMANCE ANALYSIS OF THE SELF-EMPLOYED SCHEME **(2011)**



Annex B

PERFORMANCE ANALYSIS OF THE SELF-EMPLOYED SCHEME

1. Registered and Active Contributors

Since the inception of the self-employed scheme and up to 31 December 2011, the total number of registrations exceeds 3,800 persons, although the number of active self-employed contributors has remained stable at about 1.1% of the total active insured persons, but with contributions of only 0.60% of total contributions, indicative that self-employed persons are reporting notional earnings lower than employed persons. Of the active self-employed insured persons in 2011, 54% are females compared to 37% of females in the general scheme. **This is a rather anomalous situation as it would be expected that most eligible self-employed would be males.** This might be due to the inclusion of housewives as “self-employed”, a category which in most legislations are not considered in that category.

Table 1 show that the coverage rate has been decreasing steadily, from 63% of registered self-employed persons as active contributors in 2005 to only 25% in 2011. At present, there is no assessment of why three-quarters of registered self-employed persons are not in active status.

Table 1
Self-Employed Registered and Active Contributors by Year

Year	Registered Persons	Cumulative Registrations	Active Insured Self-employed	Coverage Rate (Active / Registered) In percent
2005	445	1049	663	63%
2006	481	1530	822	54%
2007	574	2104	949	45%
2008	507	2611	930	36%
2009	517	3128	972	31%
2010	438	3566	932	26%
2011	253 ^{p/}	3819	948	25%

^{p/}Provisional

2. Distribution of the Self-Employed by Wage-Group

Table 2 shows the distribution of the active self-employed by wage-group, and the comparison with the distribution of employed persons. The data shows that a rather high proportion of low income self-employed persons (36%) have declared low notional earnings, as compared to the active employed persons, while at the high income range the situation is reversed, with the proportion of employed pension exceeding by far that of the self-employed.



The differences specified above might imply that a high proportion of active self-employed persons have opted to declare unrealistically low notional earnings, in the expectation of obtaining a minimum life pension of \$47 per week, plus short-term benefits, with contributions of only \$4 to \$6 per week, resulting in a negative incidence on the actuarial situation of the scheme.

Table 2
Percent Distribution of Active Insured by Wage-Group (2011)
Provisional

Income Range	Weekly Wage-group	Percent Distribution	
		Self-employed	Employed
Low	160 and less	36%	17%
Middle	111 / 299	46	50
High	300 and over	18	33
	Total	100%	100%

3. **Distribution of the Self-Employed by Age-Group**

Table 3 shows that almost 17% of the active self-employed are 50 years and over, as compared to only 7% in the general scheme, a possible indicator of “adverse selection” by many self-employed persons in order to obtain a “financial gain” by participating in the self-employed scheme. If “registered” self-employed persons who have ceased to make contributions re-activate their participation before reaching the normal retirement age and qualify for a pension, the number of potential future self-employed age pensioners might be substantially higher than the expected number based on the active contributions, with a potential significant increase in costs and actuarial liabilities.

Table 3
Proportion of Active Insured by Sex and Age Group (2010)

Age-Group	Self-Employed	Employed
Under 34	23%	57%
35/54	66%	36%
55 and over	17%	7%
Total	100%	100%



4. Frequency of Claims by the Self-Employed

Table 4 shows the frequency of claims by the active self-employed persons, while table 5 shows the distribution of claims by type of benefit. The data shows that:

- a) One out of every four contributors submits a short-term claim per year.
- b) Maternity and sickness benefits account for 85% of all claims,
- c) **No data is available** on the number of pensions awarded so far to self-employed persons.

The SSB is advised to program the collection of this information, to assess the full actuarial incidence of the self-employed scheme.

Table A

Frequency of Claims by the Self-Employed. Short-Term Benefits

<u>Year</u>	<u>Number of Claims</u>	<u>Number of Active Self-Employed</u>	<u>Incidence Rate</u>
2007	205	960	21.4%
2008	232	930	24.9%
2009	246	972	25.3%
2010	225	934	24.1%
2011	250	948	26.4%
Average	232	949	24.4%

*Note: Number of Active Self-Employed includes Housewives and Househusbands.

Table 5
Distribution of Self-Employed Claims by Benefit Type.
Short-Term benefits
2007 - 2011

<u>Benefit Type</u>	<u>Number of Claims</u>	<u>Percent Distribution</u>
Funeral Grant	10	0.9%
Injury Benefit	67	5.8%
Maternity Benefit	97	8.4%
Maternity Grant	91	7.9%
Sickness Benefit	893	77.1%
Age Pension	n/a	n/a
Invalidity Pension	n/a	n/a
Survivor's Pension	n/a	n/a
Total	1,158	100%



5. Actuarial Costs of the Self-Employed Scheme

The analysis shows that the voluntary contributions by the self-employed are equivalent to less than 1% of total contribution income. Total expenditure so far is equivalent to one-half the total income, inclusive of a pro-rate share of administrative expenditure. That means that the long-term residual income is equivalent to only 3.5% of the total 7% contribution rate, as shown in Table 6.

Table 6
Income and Expenditure of the Self-Employed Scheme

	2011	2010	2009
Contributions	364,151	346,481	318,031
As % of SSB total contributions	0.60%	0.58%	0.57%
Benefit expenditure ^{a/}	56,274	38,575	31,123
Share of administrative expenditure	120,732	119,598	115,000
Total expenditure	177,006	158,166	146,123
As % of total contributions	49%	46%	46%

^{a/} Excludes pension expenditure

6. Density of Contributions

Table 7 shows that the density of contributions of active self-employed persons averaged 54% (31 weeks of contributions per year), which is lower than the estimated 38% rate for the general scheme. The data pertains to 2009 and 2010.

Table 7
Density Contribution (2010)

	2010 ^{p/}	2009
Average contributors	932	972
Number of weekly payments	29,778	28,492
Average weekly payments	32 weeks	29 weeks

^{p/} Provisional



7 Distribution by Sex and Industry

Additional indicators show:

- a) Females represent 54% of active contributors, a much higher ratio than in the general population.
- b) However 43% of female contributors are classified as “employed persons in private households”, or domestic workers (as compared to less than 2% of male contributors in that category).
- c) Another 34% of females are “self-employed” in the hotel and restaurant areas, and wholesale and retail activities.
- d) The SSB is advised to carry out a sample survey to assess to what extent these individuals are really self-employed.
- e) The distribution of males shows less concentration than for females, with a maximum concentration in the following sectors: wholesale and retail (19%), construction (15%), transportation (14%), agriculture (13%) and real estate (12%).

8. Dual Contributions

No information is available so far on the number of self-employed who have also credited contributions as an employed person, and vice versa.

9. Distribution by Profession

About 42% of females were registered as “**housewife**”, a category that is not strictly “self-employed” **and that has been already identified by management for exclusion as a category of self-employed person.**

10. Conclusions and Recommendations

The analysis shows that the performance of the self-employed scheme has been deficient, **due to faulty design, including the voluntary feature of the scheme**, which is conducive to **adverse selection** of individuals with a higher risk for short-term benefits and who can qualify for a minimum age pension with a low number of contributions. This would impact adversely the actuarial situation of the SSB and generate a transfer of funds from employed persons to the self-employed. The matrix of legal amendments, should address these issues, **including the exclusion of “housewives” as self-employed, requiring a higher number of contributions to qualify for pensions, and establishing “compliance” standards once they become voluntarily insured.**



The emerging experience shows that the full range of short-term benefits as part of the scheme, including “employment injury” that cannot be attested by an employer or verified by the SSB, is already consuming a significant proportion of contributions, at a rate of 7% which is lower than the 8% rate payable by and on behalf of employed persons.

The analysis also shows an unusually high proportion of females (54%) as compared to the proportion of females in the general scheme (37%), due to the inclusion of housewives, a higher proportion of self-employed close to the retirement age, and average “notional” earnings lower than for employed persons, although both categories are eligible for a minimum pension of \$47 per week, indicative of adverse selection with a potential negative actuarial incidence on the long-term branch.



Annex C

BELIZE

SOCIAL SECURITY BOARD

ANALYSIS OF THE COST OF PENSIONS VERSUS GRANTS AND UPDATE OF LEGAL PROVISIONS



**Belize
Social Security Board**

Analysis of the Cost of Pensions versus Grants and Potential Update of Legal Provisions

1. As requested by the Board, the tables below show the analysis that determine the **actuarial cost** of an invalidity or retirement pension vis-à-vis the lump-sum gratuity.
2. Table A shows the actuarial present value of a retirement pension according to the US GAM-83 mortality table at 8% discount rate. According to this assumption, the minimum pension payable generates the following liabilities.

Age	Liability (present value)	Age	Liability (present value)
60 (male)	23,450 ^{a/}	65	21,028
60 (male spouse)	26,732	65	24,391
60 (female)	25,828	65	23,660

^{a/}Example: $\$47 \times 52 \times 9.595 = 23,450$

Table A
Present Value of a Life Retirement Pension (Males)
(at 8% discount / Mortality: GAM-83)

Males	At 60 years ($e_x=18$ years)	At 65 years ($e_x=16$ years)
Annuity value	9.595	8.604
Joint annuity value (survivor's pension) ^{a/}	10.938	9.980
<u>Females</u>	60 years ($e_x=20$ years)	65 years ($e_x=18$ years)
Annuity value	10.568	9.681
Joint annuity value ^{b/}	10.568	9.681

^{a/}Eligible for a life pension. Assumes age of female 3 years younger than the male. Widow's pension equals to $\frac{2}{3}$ the pension amount.

^{b/}Assumes death of husband before the wife

e_x = life expectancy (approx.)

3. Table B shows the gratuity payable in case of invalidity or retirement, according to alternative average weekly earnings (AWE) and weeks of contributions, as per sections 21(1) (a) and 28 (1) (a) of the benefit regulations, which provides for a grant of **“six times the AWE per 50 contributions paid”, with a minimum of \$800.**



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Table B
Grant of six times the AWE per 50 contributions paid

Weekly contributions	AWE	\$100	\$200	\$300	\$320
50	275	800(min)	1,200	1,800	1,920
100	450	1,200	2,400	3,600	3,840
140	630	1,680	3,360	5,040	5,376
200	900	2,400	4,800	7,200	7,680
300	1,350	3,600	7,200	10,800	11,520
400	1,800	4,800	9,600	14,400	15,360
450	2,025	5,400	10,800	16,200	17,280

4. According to the tables, the lump-sum gratuity, although payable immediately, yields a lower value than the present value of the life annuities. The proportion is much lower for lower AWE, for example.

Annuity times Gratuity (at age 60)

Contributions paid	Pension = K times gratuity	
	AWE	
	\$100 pw	\$320 pw
50	29.3 ^{a/}	12.2
140	14.0	4.4
300	6.5	2.0
450	4.3	1.4

^{a/} Example:

 Annuity: \$23,450 (see Section 2). Male with no survivors

 Grant: \$800 (see Table B)

5. Therefore, **although the gratuity generates an immediate disbursement of funds, the long-term cost of the pension is greater, particularly for the range of lower earnings and number of contributions.**
6. **Further analysis shows that the Grant is much greater than the joint contributions assigned to the long-term branch of 4.5% of AWE, irrespective of the AWE, as follows:**

Grants equal to a multiple of contributions

	AWE	
Weekly contributions	100	320
50	3.55	2.67
140	2.67	2.67
200	2.67	2.67
450	2.67	2.67



7. For example, with 200 weekly contributions and on AWE of \$320, the total contributions are equivalent to: $4.5\% \times 320 \times 200 = \$2,880$, whereas the grant would be equivalent to **\$7,680** ($6 \times 320 \times 4$).

Therefore, except for the minimum of \$8,000, the contributions **\$7,680** (static) are equivalent to only 37.5% (1/2.67) of the grant. **Interest accrual from 1 to 9.9 years can not compensate the difference. Therefore the grant generates a financial loss to the SSB.**

8. Grants: International Comparison (Source: ISSA / US-SSA-2007)

Belize: 6 times the AWE per 50 contributions paid

Barbados: 6 weeks AWE per 50 contributions paid

Bermuda: Total of employer and employee contribution

Antigua: EC\$1200 or 75% of employer and employee contributions

Jamaica: Fixed amount of \$20,000

Grenada: 5 times the AWE per 50 contributions paid

Honduras: Total contributions refunded as a lump-sum

Many other schemes do not pay a Grant, but allow the pensioner to opt for the NC pensions from age 65.

The examples above show that Belize provides for a higher Grant than other schemes, except Barbados.

9. Potential Amendments

After more than 30 years of operation and average entry ages of the majority of new insured persons between 20 and 30 years of age, there is no justification for a retired person at age 60 after more than 30 years of insurance to be disqualified for a retirement pension for not having accumulated 10 years (500) of weekly contributions. Therefore, **the qualification to a grant should: either be increased, and limited to a cap or amend the formula (eg. 1.5 times the joint contributions of 4.5% assigned to the long-term branch), or eliminated, allowing the insured person to opt for the NC Pension from age 65. In no case should the NCP be payable if a grant was paid previously.**

As for invalidity pensions, if the worker opts for a grant, say at age 40, recovers at 45, and claims a pension at 60, the regulations seem to state that he would be entitled to both the grant (already paid several years ago), and the retirement grant or pension, a situation to be dealt with in the amendments.



Conclusions and Recommendations

The analysis shows that the present value of the stream of payments until the death of the beneficiaries, based on the minimum pension of \$47 per week, yields a higher cost than the lump-sum gratuity, which is payable at once, particularly for low and medium average pensionable remuneration.

After more than 30 years of SSB operations and the time elapsed between the age of SSB registration of an insured person and the retirement age (about 25 to 30 years), it would be expected that a rather small proportion of insured persons would not have attained 10 years of contributions to qualify for a retirement pension, particularly as the insured person can continue making contributions as a self-employed or on a voluntary basis.

The international comparison also shows that in most schemes in the region, either the grant has a lower value than in Belize or no grant is payable, allowing the insured person to opt for non-contributory (assistance) pension.

In Belize, the Grant is equivalent to 2.67 times the joint contributions assigned to the Long-Term Branch of 4.5% of insurable earnings (see Section 6), generating a loss to the LT Branch, as interest income thereon would not reach the amount of the Grant. Indeed, **the Grant should entail a financial “penalty” for not having qualified to a pension**, which is not the case in Belize.



Annex D

BELIZE

SOCIAL SECURITY BOARD

SUMMARY OF LEGAL AMENDMENTS TO THE SOCIAL SECURITY ACT (Ch. 44) AND REGULATIONS (First Tranche 2013/14)



2011 ACTUARIAL REVIEW

A. UPDATED AMENDMENTS TO THE FINANCING STRUCTURE

a) The Board approved the proposed amendments, assigning to the Short-Term branch 25% of contributions and the EI branch 18.75% of contributions. However, the present actuarial assessment shows that additional amendments are desirable, as follows:

Branch	Percent of Contributions
Short-term	27.50%
EI	12.50
Long-term	60.00
Total	100%

- a) Transfer \$50 million from the EI branch to the Long-term branch.
- b) Increase the long-term early retirement ages by 0.5 years per year, starting as from 2014, up to a minimum of 63 years in 6 years.

Rationale: Restore the long-term actuarial solvency of the short-term branch, strengthen the funding status of the long-term branch, and control the EI branch substantial actuarial surplus.

B. NON-CONTRIBUTORY PENSIONS

Retirement Age: The **initial** age to qualify for both males and females **should be** adjusted to 67 years (international standards set a retirement age for NCP **higher** than for contributions pension).

Residency Requirement: **Citizens** would qualify, provided a 15-year continuous residency requirement is met. A **permanent resident**, in order to qualify, should meet a 20-year continuous residency requirement.

Dual Payment: Payments to spouses in the same household not allowed

Grants Offset: Grants paid previously by the SSB would disqualify the claimant for a NCP.

Budget Limitations: New claims would be awarded subject to the budget allocation in the respective fiscal year.

C. BENEFIT STRUCTURE OF THE SHORT-TERM BRANCH

- Establish a one-day waiting period in 2013 and a 2-day waiting period in 2014 (Section 5.1 of the Benefit Regs.)
- Establish the rate of benefit at 75% in 2014 and 70% in 2015, of the average weekly insurable earnings, for the first 156 days (Section 6.1 of the Benefit Regs.)

These amendments still provide a higher rate of benefits than in most social security schemes (which have 3-day waiting periods and 2/3 rates of benefits), and would allow the ST branch, jointly



with the assignment of 25% of contributions, to ensure the financial solvency and the minimum reserve requirements stipulated in the Regulations.

D. WAGE BAND OF CONTRIBUTIONS

Delete first two Wage Bands of contributions for earnings under \$109.99 per week and set the minimum level of contributions by insured persons as follows (presently \$0.83 per week for a minimum pension of \$47 per week, equivalent to 56.6 times the minimum rate of contributions).

Minimum payment by insured persons (instead of \$1.95)

2013:	\$2.40 per week
2014:	\$3.60 per week
2015:	\$4.80 per week

That recent increase in the minimum wage justifies these adjustments.

E. SUBMISSION OF THE ACTUARIAL REPORT

Amend to “not later than 45 days after the submission of the audited financial statements”. **(Section 45 of the Act.)**

F. AMENDMENTS TO THE SELF-EMPLOYED SCHEME

The draft amendments to rationalize the eligibility provisions of the Self-Employed Scheme, in view of the low compliance rate by those who opted to register in the voluntary scheme, evidence of adverse selection and potential actuarial deficits arising from selective manipulation of loopholes in the regulations.

Draft Amendments to the Self-Employed Regulations (for discussion)

a) Add a Section 3 (4) stating:

“A self-employed person who ceases to make contributions for a continuous period of twenty six weeks, except as stipulated in Section 8 (2), shall be deemed to have terminated his employment as a self-employed person, regardless on whether he notifies the Board pursuant to the provisions of Section 14. To re-qualify for any benefit under the Act, not less than fifty-two weekly contributions shall be paid from the date additional contributions are made.

b) Amend Section 9 as follows:

Section 9.1: A self-employed person shall pay not less than **fifty-two** continuous as a self employed insured person before qualifying for any benefit stated in **these regulations**.

Section 9.2: Self-employed persons shall be entitled only to the benefits pertaining to the long-term branch and to **maternity benefits**.

Section 9.3: To qualify for an invalidity pension, not less than two hundred and fifty contributions shall be paid, of which at least fifty contributions have been paid on the 78 weeks preceding the onset of the invalidity.



2011 ACTUARIAL REVIEW

Section 9.4: To qualify for an age pension the self-employed person should meet the qualifying conditions set forth in the benefit regulations, except that for registered persons after 1 January 2013 and those who ceased to pay contributions as set forth in Section 3.4, a minimum of 1000 weekly contributions shall be paid, and the attainment of 65 years of age (eliminate age 60 retirements).

Section 9.5: Self-employed persons who do not meet the requirements to qualify for invalidity or retirement pensions shall be entitled to grants as stated in the benefit regulations but limited to a maximum of **eighteen times the average weekly insurable earnings**.

c) Section 11 (1): The basic contribution rate shall be 5.5% of insurable earnings (rather than 7%).

d) First Schedule: Eliminate “housewives” and househusbands

e) Second Schedule: Modify as follows (adapt the Schedule of the Contribution Regulations rather than 263 notional income rates).

	Weekly income	Average income	Contribution
1	110 to 139.99	130	7.15
2	140 to 179.99	160	8.80
3	180 to 219.99	200	11.00
4	220 to 259.99	240	13.20
5	260 to 299.99	280	15.40
6	300 and over	320	17.60



Annex E

BELIZE

SOCIAL SECURITY BOARD

SUMMARY OF BENEFIT PROVISIONS



SUMMARY OF BENEFIT PROVISIONS

A. Sickness Benefit

Eligibility:	Insured persons rendered temporarily incapable of work, over 14 years and not older than 65 years of age, and in insurable employment when becoming incapacitated for work.
Contribution Conditions:	Not less than 50 contributions paid, and in insurable employment on the day of the incapacity with 5 weeks of contributions in the preceding 13 weeks.
Duration of Payment:	From the first day of incapacity (as from 1 January 2003) and for a continuous period of sickness not exceeding 39 weeks or 234 days. (Paid from the third day in 2001 and from the second day in 2002). From the first day in 2001 and 2002 if the incapacity lasts for 14 days or more.
Rate of daily benefit:	80% of average weekly insurable earnings divided by 7 the first 156 days, and 60% the remaining 78 days (Sundays included).
Average weekly insurable earnings:	Total weekly insurable earnings on which contributions were paid in the preceding 13 weeks divided by the number of weeks for which contributions were paid.

B. Maternity Benefits

(a) Maternity Allowance

Eligibility:	Payment to an insured woman in case of pregnancy and confinement.
Contribution conditions :	Not less than 50 contributions paid since the appointed day (1 June, 1981) and in the period of 39 consecutive weeks immediately preceding the sixth week before the expected date of confinement; not less than 30 contributions must have been paid or credited (of which 20 must have been actually paid).
Starting date of payments:	Not earlier than 7 weeks before the expected date of confinement.
Rate and duration of weekly benefits:	80% of average weekly insurable earnings, for a period of 14 weeks.
Average weekly insurable earnings:	Total weekly insurable earnings on which contributions were paid in the 39 weeks preceding the sixth week before the expected date of confinement, divided by the number of weeks for which contributions were paid.

(b) Maternity Grant

Payable to an insured woman or to an insured man on the occasion of his wife's confinement if his wife is not entitled to the grant.



Conditions for

Eligibility:

Not less than 50 contributions paid since the appointed day and 25 contributions paid in the 50 weeks immediately preceding the week in which the confinement occurs.

Amount of grant: \$300 per child (payable only once in respect of any contribution year).

C. Retirement Benefit

(a) Retirement Pension

Retirement age: As from 60 years of age, and retired from insurable employment (last condition not required if insured person has attained 65 years). **New provision: Eligibility jointly with a survivor's pension.**

Contribution

condition: 500 paid or credited weekly contributions of which 150 have been paid.

Rate of pension: 30% of average insurable earnings plus 2% for each 50 contributions (excluding special credits) in excess of 500 up to 750; and 1% for each 50 contributions in excess of 750.

Average insurable earnings :

Sum of weekly insurable earnings during the best three years in the last 15 years (or lesser period of contribution years if contributions not made for 15 years) divided by 150.

Minimum pension: \$47 per week.

Maximum pension: 60% of average insurable earnings.

i.

Retirement Grant

Payable to insured persons retiring after the age of 60 years and not qualifying for a retirement pension.

Contribution

conditions: Not less than 26 contributions paid.

Amount of grant: Six times the average insurable earnings for each 50 contributions paid or credited, or 2½ times the sum of such earnings divided by the number of weeks of contributions for each unit of 50 such contributions.

Minimum grant: \$800.

D. Invalidity Pension

(a) Invalidity Pension

Invalidity: Insured person under the age of 60 years who is incapable of work due to a specific disease or bodily or mental disablement which is likely to be permanent, and who has been incapacitated for not less than 13 consecutive weeks immediately preceding the week in which the benefit is claimed.

Contributions

conditions: Not less than 150 contributions paid and not less than 110 contributions paid or credited in the last five years and not less 5 contributions paid in the last 13 weeks.



2011 ACTUARIAL REVIEW

- Special credits: Claimant satisfying contribution conditions is awarded special credits equal to 25 contributions for each year between the age of the claimant and 60 years.
- Rate of pension: If more than 500 contributions paid or credited, as for retirement pension; otherwise, 25% of average insurable earnings with 150 to 299 contributions plus 1% for each 50 contributions in excess of 299 up to 499.
- Minimum pension: \$47 per week.
- Maximum pension: 60% of average insurable earnings.

(b) Invalidity Grant

Payable to an invalid person not qualifying for an invalidity pension.

Contribution conditions: Not less than 26 contributions paid.

Amount of grant: As for retirement pension.

Minimum amount: \$800.

a) Funeral Grant

Qualifying conditions: Insured persons entitled to or in receipt of sickness or maternity benefit, or in receipt of, or satisfying the contribution for, a retirement or invalidity pension.

Contribution conditions: 50 contributions paid; 150 contributions paid in respect of Funeral Grant for deceased spouse and deceased dependent child.

Amount of grant: \$1,500 deceased
\$1,000 deceased spouse.
\$ 500 deceased dependent child.

b) Survivor's Benefit

Survivor's Pension

Qualifying conditions: Deceased was in receipt of retirement or invalidity pension or would have been entitled to invalidity or retirement pension if he had become incapacitated or retired at the time of his death.

Qualifying conditions of Beneficiaries:

- (a) Widow: On the date of her husband's death she was pregnant by the deceased or had the care of a child of his under 16 years of age, or on the date of his death she had been married to the deceased for not less than 3 years and
- i) she is over the age of 50 or,
 - ii) she is permanently incapable of self-support and was wholly dependent on her deceased husband.

Period of Pension

During the period while she has the care of a child, and if aged 50 or over when she no longer has care of a child, for her lifetime thereafter or until remarriage. For one year if widow does not qualify for a longer period.

- (b) Widower: Married to the deceased not less than 3 years, permanently incapable of self-support and wholly dependent on his deceased wife.



(c) Unmarried Child: Until 16 years of age, (or until 21 years, if receiving full time education, whichever is earlier).

(d) Invalid Child: Unmarried, permanently incapable of self-support and wholly dependent on the deceased.

Rate of Benefit: Widows and Widowers – 2/3; each child 25%, or 40% if invalid; parents – 40%.

Minimum pension: \$47 per week.

Maximum pension: 100% of the pension paid or payable to the deceased. Otherwise each share is reduced proportionately.

(b) Survivor's Grant

Payable to beneficiaries if they are not entitled to pensions on the death of an insured person who satisfied the contribution conditions for a retirement or invalidity grant. The grant is payable in the same proportion as the survivor's pensions and the total amount of the grant is the same as the retirement grant.

i. Employment Injury Benefits

The following benefits are included:

- Injury benefit (temporary incapacity for work), including accidents occurring "to and from work".
- Disablement benefit (permanent disability).
- Medical care required as a result of employment injury.
- Constant attendance allowance.
- Survivor's pension and funeral grant.

Average insurable earnings: earnings for which the last four contributions have been paid divided by four (or two or three as the case may be).

No contribution conditions are required and the rates (or the amounts) of benefit are as follows:

a) Injury benefit: 80% of the average insurable earnings from the first day of incapacity up to maximum of 26 weeks.

Minimum pension: \$47 per week.

Disablement benefit

- degree of disability
25% or more Periodical payment equal to 60% of the average weekly insurable earnings times the degree of disability.
- degree of disability
less than 25% Lump-sum grant equals to 260 times the average weekly insurable earnings time the degree of disability.

Medical care: Provided free of charge in public or private facilities or abroad provided the Board gives prior approval.

Constant attendance allowance:

25% of the amount of the disablement benefit for 100% disability, as per Section 21 of the Act and Section 45 of the Benefit Regulations.

Funeral grant: \$1,500.

H. Non-Contributory Pensions

As from age 65 females, and age 67 males (as from December 2007), and meeting the conditions to qualify for pensions. Monthly amount of \$100 increased from \$75, as from November 2007.



Annex F

BELIZE

SOCIAL SECURITY BOARD

BASIC DATA AND ASSUMPTIONS

(2008 Actuarial Valuation, to be updated for the 31 December 2011 Valuation)



BASIC DATA AND ASSUMPTIONS

a) Demographic Assumptions

To estimate the expected trend of the long-term branch, actuarial projections have been carried out based on the legal provisions in force, to provide an indicator of the adequacy of the funding bases to ensure the long-term financial viability of the scheme, as a by-product of the ratio of expected pensioners to the active contributors.

Demographic projections of the national pension scheme are influenced by a series of variables such as the level of mortality, the effective age of retirement, and labour, migration and fertility trends. In the last decade the insured population has been increasing at a much greater pace than expected, due to the absorption into the labor market of foreign workers from neighboring countries. However, due to the recession the rate of increase has showed significantly. Hence, projections are presented assuming a basic rate of increase of the insured population at a rate of only 1%.

The demographic projection should be updated periodically to assess the difference between actual and expected trends implicit in long-term actuarial forecasts that can be significant due to the small size of the scheme and its sensitivity to migration and economic cycles.

The population pyramids for Belize indicate a gradual ageing process of the population that might be slowed by the incidence of net positive migration patterns. The basic projection, measured by the ratio of pensioners to active staff, shows “support ratios” (active contributors divided by retired persons over 60 or 65 years) correlated to international projections for the region. Although fertility rates are expected to decline gradually, thus compressing the population pyramid as shown below, migration patterns, which are more subdued than the past, will still exert a significant influence on the size and composition of the labour force.

b) Inflation and Salaries

Inflation rates rise of 2.2% in 2011 might increase in the future, due to the primary and secondary effects of energy prices, and linked to the CPI of the United States.

A dynamic approach has been assumed, with salaries increasing at an average compound rate of 2% per annum. Significant ad hoc general salary adjustments in the public sector have been much higher, but are expected to decline sharply due to budget constraints. Inflation is assumed to continue to remain subdued, at a rate equivalent to the increase in salaries. Pensions are assumed to be adjusted periodically at a rate equivalent to the inflation rate less 1%, although in practice such adjustments are carried out rather infrequently.



c) Rates of Return on Investment

Rates of return on investments are assumed as follows:

	Marginal return ^{1/}	Real rate (inflation adjusted)
High	6%	4%
Medium	5%	3%
Low	4%	2%

^{1/}Net of investment expenses

d) Sectoral Distribution and Insurable Earnings of Active Insured Persons

The tabulations show that 83% of active insured persons work in the private sector, 14% in the public sector and the remainder 5% in statutory bodies. However, females in the public sector and statutory bodies account for 23% of the total active females, as compared to only 14% of males.

Sectoral Distribution of Insured Persons

	Males	Females	Total
Private sector	86%	77%	83%
Public sector	12	19	14
Statutory bodies	2	4	3
Total	100%	100%	100%

e) Density of Employment

Density of contributions is close to 100% for civil servants and employees of statutory bodies. The density of employment in the private sector is assessed at 70%, reflecting an economy with an intense pattern of seasonal employment.

Data collected by the SSB shows that the average number of weekly contributions is equivalent to 33.30 weeks for males and 35.47 weeks for females. Assuming a density close to 100% for the public sector and statutory bodies, the average density in the private sector is assessed as follows, weighted by the number of contributions in each category:

Average density in the public sector: 0.95 (49.4 weeks)

Total average density: 0.66 (34.1 weeks)

Average density in the private sector: 0.50 (26.0 weeks)

f) Retirement Rates

Effective retirement age is assumed according to the SSB's experience, with an average retirement age of 63 years for males and 62 years for females, as compared to the statutory options between 60 years (resigning from employment) and 65 years. However, special reduction factors were applied based on experience, to account for the proportion of insured persons qualifying only for grants.



g) Distribution of New Entrants

Statistics show new entrants (new registrations) are abnormally high, and the records are influenced by the seasonal and multiple-employment characteristics of the economy of Belize.

PERCENT DISTRIBUTION OF A GENERATION OF NEW ENTRANTS (MALES)

Age	Males
24 and under	56%
25 – 29	26%
30 and over	18%
Total	100%

h) Migration Assumptions

A substantial number of workers from neighboring countries come to Belize seeking better standards of income and living. These people usually work in the agricultural and service sectors, including the informal sector. The statistics of registered persons per year is much larger than the increase in active insured persons, as transient workers and other categories are registered but not in active employment.

i) Replacement Ratios and Survivor's Entitlements

Replacement ratios are projected as follows, as a percent of insurable earnings, with factors influenced by density of employment. Thus a 42% average of an age pension in 2040 is equivalent to 60% pension with 100% density of contributions.

Projected Replacement Ratios

Year	Age Pensions	Invalidity Pensions	Survivors' Pensions
2012	0.45	0.35	0.33
2020	0.48	0.34	0.33
2025	0.52	0.36	0.35

It is also assumed that 70% of widows of active or retired males are entitled to widows' pensions. Females are assumed to die after males, leaving no entitlement to widowers' pensions.



j) Invalidity Rates

The rates of entry into invalidity have been lower than expected, as well as continuation rates due to high termination rates. Further, invalidity pensions are converted into age pensions at age 60. The assumed mean rate of invalidity was 0.50 per thousand, lower than the rate of 0.60 per thousand anticipated three years ago.

k) Mortality Assumptions

The mortality rates in Belize have been declining, due to improved health conditions, including a rapid decline of mortality due to vectorial diseases, particularly malaria. For the projections, the GMA-83 mortality table has been used, as shown below.

Age	<u>Mortality</u> ^{a/}	
	Mortality (per 1000)	
	(Males)	(Females)
20	0.37	0.19
30	0.61	0.34
40	1.24	0.67
50	3.91	1.65
60	9.16	4.24
70	27.53	12.38
80	74.07	42.95
90	156.31	111.75

^{a/}Mortality of invalids assessed higher by an average of 2%. No direct data available yet.

l) Accumulated Contributions

Data collected by the SSB show a steady progression of accumulated contributions by age, as follows:

Age	Average Years of Contributions	
	Males	Females
20	1.46	1.11
30	6.23	5.85
40	9.98	10.09
50	11.67	12.58
60	12.03	13.86



The data show that females enter the labour force later than males, but experience a higher density of contributions by age, yielding lower accumulated contributions below 40 years of age, and higher accumulated contributions thereafter. The data includes persons who entered the labour force at advanced ages, including migrants. Having regard to the pension formula, with 30% of average pensionable remuneration with 10 years of contributions, plus 2% for each year the subsequent five years, and 1% per year thereafter, with a maximum of 60% of the average insurable earnings, the average pension at present is approximately of 38% of the pensionable remuneration, and a maximum of 52% at 31 December 2008, with the statutory minimum of \$47 per week.

m) Distribution of Insured Persons by Weekly Earnings

Data provided by the Office of Strategic Management (OSM) show that the proportion of insured persons making contributions at the top wage-class of \$320 per week, reached 33% in 2011. This means that, in the absence of amendments to the ceiling, **many insured persons will qualify for pensions that will represent a rather low proportion of actual earnings, below ILO standards, and insufficient to guarantee an adequate standard of living in the post-retirement period.**

n) Age- Sex Distribution of Insured Persons

The statistical data show that 62.5% of active insured are males. The age distribution is shown below, with a rather high proportion of new insured workers.

Age group	Active Insured
24 and less	26%
25-34	32
35-44	22
45-54	14
55 and over	6
Total	100%
Males	62.5
Females	37.5







SOCIAL SECURITY BOARD

ANNUAL REPORT 2011