



Parliament of Sint Maarten

Staten van Sint Maarten

Parliamentary Year 2019-2020-137

Draft National Ordinance amending the National Ordinance General Old Age Insurance and the National Ordinance General Widow and Orphan Insurance in connection with the increase of the retirement pension and the retirement age to 65 years (National Ordinance increasing AOV-pension and pension age to 65 years) (ZJ 2019-2020-137) (IS / 1009 / 2019-2020 dd 02 July 2020)

**Report
No. 5**

Parliament in its meeting of the Central Committee has exchanged views with the Government on the Draft National Ordinance amending the National Ordinance General Old Age Insurance and the National Ordinance General Widow and Orphan Insurance in connection with the increase of the retirement pension and the retirement age to 65 years.

Parliament considers the present draft to be sufficiently prepared if the questions asked below are answered in time for the public meeting so that the draft can be discussed in a public meeting.

The **United Democrats-faction** has taken note of the draft. The faction mentioned that when the pension age was increased to 62, the increase to 65 would soon follow. The faction wanted to put the discussion in the context of the overall health of the country. The faction then mentioned the wellbeing of the elderly. The questions the faction posed were of a technical and general nature. On several slides, the maximum amount or the maximum of what a person would receive in AOV has to do with how many years the person has resided on St. Maarten and contributed. Is there a possibility

the Ministry can provide some calculations if a minimum was to be established that a person has to receive? That no one will receive less than a certain amount? Can a proposal be made of this? The faction mentioned that they know of persons receiving NAf 47, 00 or NAf 53,00 per month in the community. The faction wants a calculation of a minimum amount that should be established and that no one should receive below that amount. The faction understands that this will have an effect on the fund. And all the financial consequences as mentioned during the slides.

The faction inquired regarding the wage limit. The faction mentioned that the wage limit on Curacao and Sint Maarten is higher than on their sister island Aruba. Has there been any consideration about lowering or increasing the wage limit? Should we allow more persons to come into the fund or not? The faction requested that some arguments in favor of the wage limit be provided.

The faction mentioned preventive health care. This is not a new item. The faction has mentioned this often to other ministers. What is the Ministry's and, by extension, SZV's focus in terms of preventive health care? Can the Ministry give more detailed information regarding this? Or a general comment? Maybe it would be possible to provide Parliament with a peek in an upcoming program that the Government has at hand as part of its governing program. Please give some concrete actions that the Ministry has taken or will be undertaking. Especially in the current pandemic environment, what are the Government's plans to step up preventive healthcare programs?

The faction inquired what Government's take is on the pending National Health Insurance (NHI)? Will a NHI program be pursued, and if so, what is the timeline?

The faction inquired regarding the plans for a Health Information System (HIS).

The faction inquired if there are any plans to review the pension status of persons residing on St. Martin and who has

worked on St. Maarten and now are treated as residing abroad?

The faction requested that the Government provide a picture of the financial health of the SZV-managed funds and projects.

The **United St. Maarten Party-faction** has taken note of the draft.

The faction inquired how fair is it to the people when the life expectancy isn't clearly defined or didn't change lately, but the recipient's qualification age is being raised by five years?

The faction observed that we talk of a poverty line or poverty in general, but a definition for this terminology cannot be provided. What is poverty? Does Government have a poverty line set for St. Maarten or a livable wage set for the country?

With the proposed increase of Naf 125,- does the Government honestly believe the goal of alleviating the poverty for those that only have AOV as their pension will be achieved?

The faction inquired if there exists a national decree to regulate the investment portfolio of the fund?

The faction noted that with the increase of Naf 124,- the employer now contributes 6%, and the employee contributes 7%. Why was this change made?

What would be the effect if we stop the cross funding now? What impact would this have on the AOV fund?

Does living off-island affect how much an AOV recipient will receive?

Can you clarify? Is it so that receiving a pension is not about how much you paid into the fund, but more about how long you have been living on the island?

The faction would like to know what difference it would make if the basic amount of SVB is raised to about Naf. 10.000,- per month? What will this mean for the fund?

The **National Alliance-faction** took note of the draft with interest.

The faction inquired what the increase will cost the country? How are we to raise the pension amount now that we are required to cut costs across the board? Raising the pension age was before the Covid-19 reality, which now has us in a different scenario?

The faction mentioned that article 1c sub-one states that if the pensioner is married to someone that is younger than 65 years, they will receive Naf. 850 per month, as long as their joint income is no higher than Naf. 16.120,- per year. My observation is that this should not be, as it is deficient. The belief is that they are still entitled to at least Naf. 1.240 per month, which again is considered very low.

What are the possibilities of having the pension match the minimum wage?

The faction remarked the objective of the Government is to raise the pension amount to alleviate poverty amongst the elderly and, in doing so, stimulate the spending power of the elderly. Bearing in mind the cost of living and the high cost of rent, the elderly would still not be able to live above the poverty line. Therefore the proposed amount is insufficient to reach the goal, which ultimately should be to alleviate poverty. Can the Minister explain how he expects to reach this goal through this means?

The faction requested clarity regarding the pension payment. Is it based on the years that a person has been paying into the AOV or on how many years they have lived on the island?

In the presentation, was a cap mentioned on the contribution to AOV? How do you plan on dealing with persons who are registered in SXM but have been living abroad for many years but are still receiving their pension. Does that have a negative effect on the AOV?

In the presentation, it mentions different amounts that a widow can receive and also that the widower's pension increases by age. How exactly is that increase regulated? And if a person becomes a widow at a later age, do they then get the maximum that is allotted for a widow?

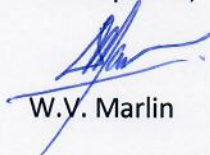
The faction mentioned article 2 of the AWW. Why is the monthly pension amount for widows changing based on age, what is the reason for this?

The faction mentioned article 2D sub 1 and 2 that regulates the orphan pension for orphans up to the age of 15. What happens to the orphans between 15 and 18 years of age? What is regulated for them as there is Compulsory Education until the age of 18 and also bear in mind that the labor laws set 16 as the age you can legally begin to work?

This report is to be considered as Final Report.

Stipulated in the meeting of the Central Committee of July 10, 2020.

The Reporter,



W.V. Marlin