

Pensions



*Our Pathway to
Peace & Prosperity*

Pensions

Math is hard... and reality is not optional! The truth is that there is not enough money to cover the pension promises made by the Bermuda Government to public-sector retirees, and to beneficiaries of the Contributory Pension Fund. Harsh realities will have to be faced – benefits will have to be cut or contributions will have to be greatly increased if beneficiaries are to be paid anywhere near what they have been promised.

The defined benefit structure of the PSAF, the MMLPF and the CPF is the reason for this, along with years of underfunding. The FDM will explore converting the PSAF to a defined contribution plan to understand what would be involved, and to quantify the cost.

The FDM will raise the official retirement age to 70. Many seniors now live for 20 plus years past retirement and the system, and its manner of funding with the young supporting the old was not designed for that. Bermuda has an old and ageing population with the younger cohorts shrinking in number. This is another area where immigration reform will pay dividends. It is the position of the FDM that infusing greater numbers of younger workers into the population will help resolve public pension issues.

The FDM will

- Raise the age at which seniors can draw on the CPF to 70 over the course of a 15 year period. We need not enforce mandatory retirement at any age.
- Put an end to double-dipping. The FDM will institute a regulation whereby a public sector worker may not draw upon their government pension and be employed in the public sector at the same time, either directly or as a consultant to the government.
- Put an end to the policy of allowing certain public sector workers to retire after 25 years of service. An FDM government will make 60 years of age the first point at which public sector workers can take early retirement and begin to draw upon their pension at a reduced rate. Full pension rights and payments will commence at 65 years of age.

- Set up a defined contribution pension program for all new public sector hires. Defined benefits will be reserved exclusively for those already in the scheme.
- Explore the transformation of public sector worker pension funds to defined contribution. The FDM government will apply this policy to all new hires.
- Eliminate payroll tax for local new hires to encourage entry-level job creation targeting young people.



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