



CENTRAL BANK OF
TRINIDAD & TOBAGO

November 9, 2011

CIRCULAR LETTER TO ALL PENSIONS FUND PLANS

REF: CB-OIFI-2714/2011

RE: THE CENTRAL BANK (PAYMENT OF SUPERVISORY FEES AND CHARGES) REGULATIONS, 2011

The Central Bank of Trinidad and Tobago (the Central Bank), via letter dated September 13 2011, informed the industry that the Central Bank (Payment of Supervisory Fees and Charges) Regulations, 2011 (Regulations) were made effective as at August 12, 2011.

Subsequent to this, the Central Bank has been asked to clarify a number of issues pertaining to the supervisory fee payable by pension plans. Given that the queries raised are relevant to all pension plans, we are circulating for your information a FAQ sheet that we hope addresses your concerns.

We kindly ask that corporate trustees, individual trustees and insurers with deposit administration contracts forward this letter and attachments to Management Committee members, plan sponsors and actuaries as appropriate.

Please be guided accordingly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Carl Hiralal', written over a white background.

Carl Hiralal
Inspector of Financial Institutions

Attch.

APPENDIX I

PAYMENT OF SUPERVISORY FEES – PENSION PLANS

FAQ SHEET

1. To whom will the notice under Regulation 14 be addressed?

A notice will be sent to the trustees of the pension plans - either the corporate trustee or individual trustees. The trustee will be instructed to inform the management committee and/or sponsor company as appropriate.

2. Who pays the supervisory fee where trust deed and rules do not permit?

The Central Bank considers that the responsibility of the payment of the supervisory fee will be assigned to one of the following: the trustee, sponsor company and/or management committee. Where this function has not been specifically assigned, the Central Bank expects that the body that makes payments as required under section 176 (1) of the Insurance Act Chap. 84:01 will also be responsible for the payment of these supervisory fees.

3. Where a pension plan was established in the 12 months preceding a fiscal year and has not yet completed and/or submitted its first set of audited financial statements when the Central Bank is determining the supervisory fee payable for that fiscal year, on what assets will the supervisory fee be based?

Where the audited financials are not completed but management accounts or unaudited financial statements are available, the Central Bank will use that information. Where there reports are not available, the projections of total assets stated on the pension plan's actuarial valuation report and submitted as part of the registration process will be used.

4. Will the supervisory fee be pro-rated in the first year of the pension plan's existence?

No, there will be no proration of fees. There are two billing periods for the year: January and June. If registration of the pension plan takes place after December 31st in any year, the pension plan will not be required to pay a supervisory fee for that billing period.

5. In the event of a merger where one pension plan no longer has any assets (or any liabilities) and is thus an empty shell, but the process of winding it up and cancelling the registration has not been completed, does a supervisory fee apply?

If the pension plan no longer has assets and is in the process of winding up, there is no expectation regarding payment of a supervisory fee.

- 6. Does the supervisory fee still apply whilst the winding-up process is ongoing but before the pension plan's registration is cancelled?**

The supervisory fee will apply during the winding up process and will cease when the plan is de-registered or when the plan no longer has any assets.

- 7. What data will be used to reflect the Plan's assets?**

For the purposes of calculating supervisory fees, the total assets stated on the audited financial statements will be used.

- 8. The definition of "assets" in Regulation 2 refers to assets shown in the pension plan's accounts for its most recent financial year. Where that financial year is the 12 months ended 30 June or 30 September, the pension plan will not have completed and submitted its audited financial statements in time for the Central Bank to use them to assess the supervisory fees due for the next fiscal year. In these circumstances, what asset values will the Central Bank use to determine the supervisory fees due?**

The Central Bank will utilise the last available financial statements of the pension plan in order to ascertain the supervisory fee.

- 9. When does the Central Bank require payment of the supervisory fee and how is it to be paid?**

Regulation 15 specifies that the payments must be made in two instalments and by January 31st and June 30th of each year. Regulation 15 also details how the fees should be comprised. Further by Circular letter dated September 13, 2011, the Central Bank advised pension plans that payment could be effected by cheque payable to the Central Bank. Please note that only managers' cheques will be accepted.