

#GlobalBenefitsBulletin Highlights

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RESPOND



Retirement

Cayman Islands: National Pensions Law, new pension withdrawal rule.



Talent

Puerto Rico: Bill promoting flexible hours and cafeteria plans clears Senate.

WATCH



Retirement

Puerto Rico: New law promoting retirement plans.

Key Updates

Cayman Islands

RESPOND

National Pensions Law, new pension withdrawal rule.



Retirement

The Department of Labor and Pensions has posted a timetable of changes under the National Pensions (Amendment) Law 2016. The dates of entry into force are in parentheses:

- The maximum pensionable earnings jumped from KYD 60,000 to KYD 87,000 (Jan 1, 2017).
- The normal age of pension entitlement rises from 60 to 65 for those born after 1969 and the early retirement age increases from 50 to 55 (Jan 1, 2017).
- New penalties for noncompliance, including jail time, are introduced (Feb 1, 2017).
- Full-time students under age 23 and their employers will be exempt from pension contributions (March 1, 2017).
- New criteria will be set for transferring pensions overseas (Dec 31, 2017).
- Refunds of member contributions will be restricted to those who have reached the normal age for pension entitlement and cannot transfer funds to another plan (Dec 31, 2019).

Under a separate measure, the department announced changes to the pensions withdrawal schedule. A formula factoring age and account balance sets a minimum annual withdrawal amount of KYD 12,480, pegged annually to CPI. A range of drawdown provisions for Retirement Savings Accounts (RSA) is also determined by age and fund holdings (Jan 9, 2017).

Puerto Rico

RESPOND Bill promoting flexible hours and cafeteria plans clears Senate.



Talent

On January 23, 2017, the Puerto Rico legislature passed the [Labor Transformation and Flexibility Act](#), [At press time, the official version is not yet published.]. The bill has now been signed into law by the Governor and is effective immediately. In addition to the provisions on flexible hours, vacation entitlement, and Christmas bonus:

- It will amend the Puerto Rico Internal Revenue Code to make cafeteria plans more appealing. It expands the list of qualified benefits to include medical and dental plans, adoption assistance, accident insurance, health savings accounts, long-term disability, and dependent care assistance programs. However, analysts have noted that expected improvements to the tax regime for cafeteria plans have not materialized. Unfinished business includes allowing employee pretax contributions and recognizing those contributions as nontaxable wages for FICA (Federal Insurance Contributions Act, US Social Security and Medicare tax).
- Overtime is redefined as exceeding eight hours in a calendar day rather than in a rolling 24-hour period. A different 24-hour cycle may be designated as long as it is a fixed period. The switch to a 50% overtime premium will apply only for workers hired after the law is enacted.
- The definitions of "employment contract" and "independent contractor" are more clearly differentiated. The sharp increase in the three-month probationary period, reported earlier as up to 18 months, is now nine months for hourly workers and up to 12 months for exempt employees (As defined by the US Fair Labor Standards Act).
- The right to a daily breastfeeding break is now extended to women who work at least four hours per day. Sick leave accruals may now be conditioned to working at least 130 hours per month.
- Employment discrimination claims will no longer have a presumption of discrimination. Awards for mental anguish and other compensatory damages will be capped depending on number of employees employed by the employer. The definition of termination with cause is broadened and wrongful termination claims must be submitted within a year.
- The Christmas bonus reduction (from 3% of pay to 2%) will be even sharper for new employees, who will get just 50% in their first year.

WATCH

New law promoting retirement plans.



Retirement



[Act No. 9-2017](#) amends retirement benefit plan regulations to give the schemes greater stability and flexibility.


Among the highlights:


- Employer and employee contributions to a defined contribution plan are limited to the lesser of \$75,000 or 25% on net income.
- A chapter on Retirement Plan Trusts will be added to the Trust Act. It provides for the spouse being the default beneficiary of a deceased member and for trust assets being exempt from inheritance tax.
- The definition of highly compensated employee is simplified.
- The averaged deferral percentage test for schemes with Cash or Deferred Arrangements (CODA) will be waived for plans with fewer than 100 participants and less than \$10M in annual gross income, provided the minimum employer contribution for each member is at least 3%.

Plan sponsors will be required to adopt such amendments, amend plan documents, modify administration and operation of retirement plans and communicate to the employees. The Law went into effect on February 8, but stakeholders are eager for the Treasury's guidance on some key issues. They also warn of complications arising from changes to the retirement provisions of the Puerto Rico Tax Code that differ sharply from their counterparts in the U.S. Tax Code and will make it more complicated to offer a U.S. retirement plan in Puerto Rico.

Other Notable Updates

Area	Country	Date	Name
 Health	Brazil	2/2	Safety rules relaxed.
	Czech Republic	2/23	Smoking ban passed.
	Jordan	2/16	Health subsidy for seniors.
	Kazakhstan	2/16	Contributions for compulsory health insurance scheme modified.
	Kuwait	2/2	Expatriate health insurance snafu stalls work permits.
	US	2/9	EEOC Releases Guidance for Workers and Mental Health Providers.
 Retirement	Australia	2/2	ATO guidance on superannuation balance transfer cap.
	Austria	2/2	Mandatory pension, minimum labor standards.
	Azerbaijan	2/9	State pension is now indexed to inflation/pension reform previewed.
	Colombia	2/23	Pension investment tax break for Pacific Alliance partners.
	Costa Rica	2/9	Social security reform plans.
	Estonia	2/9	Pension reform outlined.
	Guyana	2/16	Social insurance contributions now deductible.
	Hong Kong	2/2	Policy Address features MPF changes.
	India	2/9	Senior citizen pension scheme.
	India	2/16	2017-18 Budget recommends free choice for retirement and health schemes.
	India	2/23	EPF entitlements of contract workers.
	Ireland	2/23	PRSI voluntary contributions invited.
	Japan	2/9	Private DC is on the rise.
	Nicaragua	2/2	Employer INSS contribution hike.
	Romania	2/9	Social security contribution cap lifted.
	Taiwan	2/2	Pension reform update.
	Uganda	2/2	NSSF "whistleblower" platform.
	UK	2/23	DB Pensions Green Paper.
Uruguay/US	2/16	Totalization agreement signed.	
Uzbekistan	2/9	Social security contribution hike.	

Area	Country	Date	Name
 Talent	Argentina	2/16	New rules for public holidays.
	Austria	2/23	Re-entry rules following sick leave.
	Belgium	2/9	Company car tax raised.
	Bolivia	2/9	Mandatory registration for foreign nationals.
	Bosnia & Herzegovina	2/23	Claims priorities in a bankruptcy ruled unconstitutional.
	British Virgin Islands	2/2	New schedule of work permit fees.
	Bulgaria	2/16	Posting of worker rules transposed.
	Canada	2/23	CSA lowers trading fees.
	Colombia	2/16	Family friendly measured signed.
	Croatia	2/23	Guidance on taxation of perks.
	Cyprus	2/23	Employee Special Contribution expires.
	Cyprus	2/23	Ruling on termination of a pregnant worker in an acquisition.
	Czech Republic	2/2	Noncompete clauses under new civil code.
	Denmark/EU	2/9	Government liability for noncompliance with EU rules.
	Finland	2/23	Employment Contracts Act amendments enacted.
	France	2/2	New tax regime for free share schemes.
	France	2/9	Discrimination protection expanded.
	Guatemala	2/9	Regulatory framework for part-time employment.
	India	2/16	New maternity leave law.
	Ireland	2/9	Agency worker dismissal ruling.
	Ireland	2/16	Revised guidance on taxation of foreign workers.
	Italy	2/16	Tax relief for qualified expatriates sweetened.
	Japan	2/16	Criteria for permanent residence relaxed.
	Lithuania	2/23	Social measures go into effect.
	Morocco	2/23	Residency permit extension.
	Netherlands	2/23	Ruling on timing of works council consultation.
	Oman	2/23	Regulatory framework for part-time employment.
	Peru	2/9	SCTR mandatory coverage expansion rescinded.
Puerto Rico	2/16	Flexibility law alters UI contribution, benefit.	
Slovenia/US	2/2	Social Security Agreement signed.	

Area	Country	Date	Name
 Talent	South Africa	2/2	Unemployment Insurance Amendment Act signed.
	Spain	2/16	Paternity leave entitlement.
	Spain	2/23	Maternity leave discrimination rulings.
	Switzerland	2/9	New law will curb foreign hiring.
	Switzerland	2/9	Corporate governance guidance for insurance sector.
	UK	2/16	Brexit White Paper addresses worker rights.
	Ukraine	2/2	Definition of minimum wage expanded.
	Ukraine	2/23	New work permit rules published.
	Uzbekistan	2/2	Tough new personal data rules.
	Zambia	2/2	Skills development levy.

Additional information on the above, plus other updates can be found in Greater Insight which is updated & emailed on a weekly basis

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Contacts

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