

Alert

Bermuda Amends National Pension Scheme - UPDATE

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Following our alert of 30 December on recent amendments to the National Pension Scheme, there are two updates: the National Pension Scheme (Occupational Pensions) Amendment Act 2019 (No. 2) Commencement Notice 2019 (the “No. 2 Notice”) and the National Pension Scheme (Occupational Pensions) Temporary Amendment Act 2019 (the “Temporary Act”).

The No. 2 Notice

The National Pension Scheme (Occupational Pensions) Amendment Act 2019 Commencement Notice 2019 has been revoked by the No. 2 Notice. The only substantive change occasioned by the issuance of the No. 2 Notice is a change to the operative date for the amendment to the variation of payment to disabled persons provision. With effect from 2 March 2020, a pension plan that permits variation in the terms of payment of a pension by reason of a member having a mental or physical disability requires an opinion of a qualified medical practitioner that the disability is likely to reduce the member’s life expectancy to five years or less.

The Temporary Act

The Temporary Act, which was brought into force 1 January 2020, allows employees and their employers to suspend contributions to their pension scheme during the period of 1 January 2020 through 31 December 2021.

In respect of a defined contribution pension plan subject to the National Pension Scheme (Occupational Pensions) Act 1998 as amended, the Temporary Act permits plan members to reduce their required contributions from 5% to 3% with the written agreement of their employer. It also permits employers to reduce their required contributions as they relate to a member from 5% to 3% with the written agreement of the member. These reductions can only be applicable in respect of the period 1 January 2020 through 31 December 2021.

In respect of a defined benefit pension plan subject to the National Pension Scheme (Occupational Pensions) Act 1998 as amended, the Temporary Act permits an employer to reduce by up to 2% all employer normal cost and 2% of member contributions in respect of the period 1 January 2020 through 31 December 2021. No agreement is needed between the employer and the member. If, however, there is a collective bargaining agreement that addresses the pension plan, then there must be an agreement between the employer and the collective bargaining agent representing the member.

To learn more about the changes to the National Pension Scheme and how they could affect you please contact your usual Conyers lawyer or any of those listed below.

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