

Vanuatu

Exchange rate: U.S.\$1.00 equals 135 vatu.

Old Age, Disability, and Survivors

Regulatory Framework

First and current law: 1986, implemented in 1987, with 1989, 1998, 2000, and 2001 amendments.

Type of program: Provident fund system.

Coverage

Employees over age 14 in regular employment.

Noncitizens may apply to the Provident Fund Board for exemption if covered by another country's social security scheme.

Exclusions: Persons covered under employer-provided retirement programs approved by the Provident Fund Board; persons detained in prison, approved school, mental hospital, or leper asylum; and temporary workers in agriculture and forestry with employment contracts of less than 2 months.

Voluntary coverage for ministers of religious organizations.

Source of Funds

Insured person: 6% of earnings.

Employer: 6% of payroll.

Government: None.

Minimum monthly earnings for contribution purposes are 3,000 vatu.

Qualifying Conditions

Old-age benefit: Age 55 or at any age if emigrating permanently.

Disability benefit: Permanently incapable of any employment due to a physical or mental disability.

Survivor benefit: Death of the fund member prior to retirement.

Old-Age Benefits

A lump sum equal to total employee and employer contributions, plus compound interest.

Drawdown payments: Members may take small loans from the Provident Fund for certain contingencies, including the payment of education fees. All loans are to be reimbursed to the Provident Fund.

Compound interest rate: Set annually by the Provident Fund Board. The interest rate must not exceed 3% a year unless the

Provident Fund Board is convinced it can meet all payments required.

Permanent Disability Benefits

A lump sum equal to total employee and employer contributions, plus compound interest.

Compound interest rate: Set annually by the Provident Fund Board. The interest rate must not exceed 3% a year unless the Provident Fund Board is convinced it can meet all payments required.

Survivor Benefits

Survivor benefit: A lump sum equal to total employee and employer contributions, plus compound interest.

Compound interest rate: Set annually by the Provident Fund Board. The interest rate must not exceed 3% a year unless the Provident Fund Board is convinced it can meet all payments required.

Death benefit: A lump-sum grant.

Administrative Organization

Ministry of Finance provides general supervision.

Managed by a general manager, a six-member tripartite Provident Fund Board administers the program.

Provident Fund Board is responsible for appointing a commercial funds manager and for setting the investment criteria.