# TPC Newsletter
# Global Legislative Developments

This document summarises recent legislative developments and trends related to employee benefits and highlights recently passed and pending legislation that may require employers to take action to comply with new rules. This document should not be seen as exhaustive and any action should be taken in conjunction with your Global Benefit Consultant.

## About TPC Employee Benefits

Headquartered in Hamburg, we have operations nationwide as a leading provider of specialised consultancy services on all relevant pensions and benefits topics for Germany.  For multinational organisations TPC offers  the management of their most complex global benefits requirements.

Our company's portfolio of services offers all-round, all-inclusive support. It extends from professional consultancy and customer-specific planning to pragmatic implementation and documentation – all from a single source backed by 60 years of experience.

TPC is  a Partner of the International Benefits Network (IBN), a strategic global alliacne of like-minded local consultants and intermediaries. We engage with our local partners to provide first hand benefit insight from the countries you may be interested in. To ensure you are prepared and your benefits are fit for purpose; we liasise with our partners to provide you with news, developments and legislative updates.

For more information on the following topics or other global benefits issues, please contact:

Astrid Sachse
Senior Manager Consulting
Competence Center International
astrid.sachse@tpc-vorsorge.de

### Contries covered in this Issue:

+ AMERICAS: Canada and Chile
+ ACIA PACIFIC: The Phillipines
+ EUROPE: Belarus, France, Germany, the Netherlands
+ MIDDLE EAST & AFRICA: Ghana, Kenya and South Africa

# Recent developments summary

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|---|---|
| **Belarus** | Changes to insurance legislation |
| **Canada** | Changes to mental health funding and a new dental benefit for low income seniors |
| **Chile** | Pension reform under consideration |
| **France** | Introduction of the ‘100% Health’ reform |
| **Germany** | EU Commission adopts amendments to IAS and IFRS |
| **Ghana** | Section 80 of National Pension Act 2008(Act 766) increasd the monthly pension |
| **Kenya** | RBA introduce plans for pension security and growth |
| **Netherlands** | Pension system reforms, including a freeze to state retirement age for the next 3 years |
| **Philippines** | Expanded Maternity Leave Law comes into effect |

# Americas

## Canada



### Ontario drug benefit

Effective 1st April 2019, the Ontario government removed drug coverage for children and youths who are under the age of 25 and who have access to private drug plans. The government will consider ways to redesign the Ontario Drug Benefit Program to make its programs more efficient.

### Dental benefits for low income seniors

The government will introduce a new dental program for low-income Ontario seniors with an annual investment of approximately CAD 90 million once fully implemented. By late summer 2019, single seniors age 65 and older with incomes of CAD 19,300 or less (or senior couples with combined incomes of less than CAD 32,300) and without existing dental benefits will be able to receive dental services at public health units, community health centres and Aboriginal Health Access Centres located throughout the province. The program will later be expanded by investing in new dental services in underserviced areas, including through mobile dental buses and an increased number of dental suites in public health units.

### Scope of practice for health care professionals

The Ontario government will expand the scope of practice for certain regulated health professionals, such as pharmacists, nurse practitioners, dental specialists and optometrists.

According to the government, these changes will improve convenience for patients by reducing the time spent travelling between providers for multiple visits for diagnostic tests and alleviate the need to make referrals to other providers.

### Mental health funding

The 2019 Ontario budget pledges $3.8 billion in support for mental health and addictions services and housing support over 10 years, beginning with building a mental health and addictions system focused on core services embedded in a stepped-care model, and a robust data and measurement framework.

CAD 174 million of the new funding is to be distributed in 2019-2020 to support community mental health and addictions services, mental health and justice services, supportive housing, and acute mental health inpatient beds. Services will also target priority populations, such as Indigenous peoples and Francophones.

## Chile



### Pension Reform

The current Government has sent a pension reform to the Chilean Parliament for consideration.

The reform includes an increase to the monthly pension saving for each worker by at least 4% (from the current 10%). This increase would be spread over a time frame of 5 years.

The project includes a solidarity pillar, that would increase the minimum/basic pension.

The main idea is to increase the average pension by 40%; to protect the elderly, the most vulnerable (lower and middle social classes) and women in Chile.

The project would also include a state support for those who want to extend their working life voluntarily.

# Asia Pacific

## Philippines



### Expanded Maternity Leave Law comes into effect

The Department of Labor and Employment, together with the Social Security System and Civil Service Commission, recently laid out the implementing rules for the above law, which became effective 11th March 2019.

Women in the private sector are now entitled to a total of 105 days paid maternity leave for live childbirth, regardless of mode of delivery. Women workers in the informal sector, and national athletes are explicitly recognized as being entitled to these benefits. A female worker who qualifies as a solo parent is also granted an additional 15 days paid leave. Covered employees also have the option of availing of an additional 30 days' maternity leave without pay upon written notice. In addition, a covered employee may allocate up to 7 days of their maternity leave benefits to the child's father.

The rules do not explicitly identify when the law/benefit applies; ie, when the employee gives notice to the employer, or upon discovery of pregnancy, or upon childbirth. The old law required an employee to notify her employer immediately after becoming pregnant. This is expected to cause confusion until the ambiguities are resolved through further guidelines.

# Europe

## Belarus



### Changes to insurance legislation

According to decree No. 175 (11th May 2019), the following changes take effect from 1st September 2019:

- Persons who work as agents of the insurer will not be able to issue the policies for the entities
- The limit for reimbursement filed without SAI involvement will be increased to EUR 800 per occasion
- Insurers may issue the policy as an electronic document
- The currency of chapter capital of the insurers and brokers should be Belarussian rouble only
- The insured organizations are entitled to include in the cost of production and sales of products, goods (works, services) accounted for in taxation

Insurance premiums:

1) under contracts of voluntary life insurance and (or) contracts of voluntary insurance of an additional pension concluded for the benefit of individuals working in the organizations-insurers under labor contracts, with insurance organizations, regardless of their form of ownership;

2) under voluntary insurance of civil liability for causing harm in the implementation of air navigation services;

- the list of individual objects in respect of which the contract of insurance of liability for damage associated with their operation should be concluded will be revised. Insurers who insure objects excluded from this list may terminate the insurance contract early;

- base rate for general liability insurance of vehicle owners for car owners with electric and hybrid engines will be reduced;

- Belarusian insurance companies will be allowed to reinsure risks in foreign insurance companies subject to certain conditions.

## France



### The French '100% Health' reform

In France, the State system covers around 70% of routine medical costs and, in addition, every employer must offer complementary health coverage to all employees. Reimbursements are based on a standard tariff, and in practice, there are charges above the standard tariff that only very generous policies are likely to reimburse.

The '100% Health' reform has been designed to help cover without co-payment on 3 specific guarantees: eyecare appliances, hearing aids, and dentures. Health professionals (audio prosthesis, dental and optical specialists) are required to offer a 'basket of services', at controlled prices, and covered 100% by social security and supplementary health plans. There will be a progressive implementation of this 'zero co-pay' between 2019-2021.

However, in practice, not all people will be concerned by this reform. In 2018, around 4 million households did not have a complementary policy (including many expatriates) and remained liable for 30% of the charge that the State does not pick up.

Therefore '100% Health' does not mean 100% reimbursement by the State, despite the impression that may have been given. The global cost impact is yet to be expected.

## Germany



### Marriage clause rulings

The Federal Labour Court assumes that a minimum marriage clause of ten years in a pre-formulated pension commitment constitutes an unreasonable disadvantage for the pension beneficiary BAG of 19th February 2019 - 3 AZR 150/18. Such a clause is therefore an invalid pursuant to Section 307 (1) sentence 1 BGB. If the employer promises a survivor's pension, it would correspond to the type of contract laid down in the law that the spouses of the employees are protected. The employer deviates from this if they demand a marriage of at least ten years for the payment of the survivor's pension. The Federal Labour Court saw the exclusion clause as an arbitrarily fixed period of time without any internal connection to the employment relationship and for the purpose pursued. A minimum period of ten years would endanger the purpose of the survivors' pension.

### EU Commission adopts amendments to IAS and IFRS

Application for fiscal years beginning on or after 1st January 2019.

By Regulation (EC) No 2019/402, published in the Official Journal on 14th March 2019 L72, page 6 et seq., the European Union adopts amendments to International Accounting Standard (IAS) 19 "Employee benefits". The amendments relate to plan amendments, curtailments or settlements.

Amendments to International Accounting Standards (IAS) 12 "Income Taxes" and IAS 23 "Borrowing Costs" and International Financial Reporting Standards (IFRS) 3 "Business Combinations" and IFRS 11 "Joint Arrangements" become mandatory for companies subject to IFRS obligations under Regulation (EU) 2019/412 of the EU Commission.

# The Netherlands



## Pension system changes

In June 2019, The Dutch government, the employee organizations and unions have agreed to a fundamental new pension system.

To make this possible, the Dutch government has agreed to freeze the state retirement age at 67 and 4 months for the next 3 years, and will also be reducing the pace of future increases to 8 months per year expected age increase.

Industry wide pension funds will change fundamentally - the new funding system intends to improve solvency and equality between ages.

Regular insured DB and DC plans are also impacted by this new logic.

The age-related contribution system will be converted to a percentage for all, similar to most countries worldwide.

In addition, a transition period will apply which should make up for the loss of older employees which may incur additional cost.

Finer details of these plans are still to be worked out.

# Africa

## Ghana

### Increase to pension contributions

Section 80 of National Pension Act 2008 (Act 766) increased the monthly pension by 11 percent starting 1st January 2019. This was to be implemented as follows; first 9 percent increment from 31st December 2018 pension and a flat amount GHS 15.89 to constitute the remaining 2 percent, while pensioners with a lower income had their benefits increased by 14 percent from GHc276.00 to GHS 316.73. On the same the new pensioner's minimum pay out was set at GHS 300.00.

## Kenya

### RBA introduce plans for pension security and growth

The Kenyan Retirement Benefits Authority has launched its 2019-2024 strategic plan intended to facilitate the Authority to achieve its vision of an inclusive, secure and growing retirement sector with a special focus on informal sectors. The overarching goal is to achieve 30% pension coverage with an asset base of KES 2.4 by 2024. Currently the pension coverage in Kenya is at 20% with an asset base of KES 1.2.

The Retirement Benefits Authority introduced legal notice 192 on Post-Retirement Medical Funds Guidelines that stipulated the establishment, contributions, administration, investment and access of the post-retirement medical benefits. They also introduced legal notice 193 on Good Governance Practices Guidelines to be adopted by registered retirement Benefits.

## South Africa

### Default Regulations for pension funds become effective

A set of requirements, issued in terms of the Pension Funds Act of South Africa and known as the Default Regulations, became effective on 1st March 2019. These regulations require the board of every retirement fund to implement:

- A default investment portfolio(s) that is/are appropriate for the profile of members who will automatically be invested in it;
- A default preservation strategy that the withdrawal benefit can be invested in and preserved, in the event of job changes etc., and
- An appropriate annuity strategy for retiring members

The Default Regulations require boards of trustees to be proactive and to develop or find the most efficient and cost-effective solutions and products for the members. They also aim to encourage members to preserve their benefits and not withdraw cash when they leave their employers, in a cost and tax effective manner.

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**TPC GmbH**
Admiralitätstraße 10
20459 Hamburg

Phone: 040 328709-0
Fax: 040 328709-200
mail@tpc-vorsorge.com

**Managing Director**

Dr. Ralf Raube, Thomas Schumacher

**Commercial Register**

County Court HRB [Commercial Register No.] 107371

**VAT Registration Number**

DE 143449956

**Regulatory supervision of the Business and Public Order Dept.**

City of Hamburg's Hamburg-Central District Office
Klosterwall 8
20095 Hamburg
www.hamburg.de/mitte/

**Competent supervisory authority for insurance brokerage and financial investment brokerage**

Hamburg Chamber of Commerce
Adolfplatz 1
20457 Hamburg
www.hk24.de

**Broker Register under section 34d German Trade, Commerce and Industry Regulation Act (GewO)**

Register number D-72O9-PZW2D-76

**Broker Register under section 34f German Trade, Commerce and Industry Regulation Act (GewO)**

Register number D-F-131-U4RP-16

www.vermittlerregister.info

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