



Self Employed BOOKLET

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STRIVING FOR SOCIAL JUSTICE

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- Find information relating to our investments;
- Sign up for our monthly newsletter; and
- Get answers to frequently asked questions.

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MISSION STATEMENT

The St. Christopher and Nevis Social Security Board is committed to provide the best possible benefits to all eligible persons guaranteed by sound financial management and efficient administration.

ST. CHRISTOPHER AND NEVIS SOCIAL SECURITY BOARD

**St. Christopher and Nevis
Social Security Act, 1977
No. 13 of 1977**

An Act to repeal the National Provident Fund Act and to establish a system of social security providing pecuniary payments by way of various benefits to insured persons and social assistance by way of non-contributory old age pensions to insured and other persons not qualifying for benefits and for connected purposes.

The Social Security (Self Employment) Regulations, 2002 No. 32 of 2002

Important Advice

This booklet gives general information on the coverage of self-employed persons. It is a guide only, and must not be treated as a complete and authoritative statement of law in relation to any particular case.

Any questions to further clarify any matter should be directed to the Social Security Offices at Bay Road, Basseterre, St. Kitts and Chapel Street, Charlestown, Nevis. Persons may also contact the Social Security Inspector for their area, by calling the Social Security Office at 465-2535/6 on St. Kitts or 469-0204/5245 on Nevis or by visiting our offices in Basseterre or Charlestown.

Social Security officers sometimes speak at town hall meetings and when visiting with community, civic groups and other organizations. These occasions provide additional opportunities to clarify any issues or to get answers to questions.

INTRODUCTION

Basic Information about Social Security

St. Christopher (St. Kitts) and Nevis Social Security Fund is a compulsory insurance fund established by an Act of Parliament in 1977. It began operations on February 1, 1978, taking over from the National Provident Fund, which was basically a retirement savings scheme with limited other benefits.

With effect from July 1, 1996, the Fund has extended coverage to include self-employed persons who can now register as insured persons between the ages of 16 and 62 years. The range of benefits are similar to those available to employees with the exception of employment injury benefits. They include the following types: sickness, maternity, invalidity, contributory old age, survivors, and funeral grants.

Who is a Self-employed Person?

A self-employed person means anyone who is gainfully occupied in the Federation but whose employment is not under a contract of service and is not subject to the direct control of another person or institution. Coverage is extended to nationals and non-nationals who meet this qualification.

Persons include vendors, contractors, small farmers, partners in a partnership arrangement, sole traders, medical practitioners and other professionals such as lawyers and accountants in private practice. A person engaged as an employee of his/her spouse in a trade or business for wages, or as a partner or in any similar arrangement with the spouse is also considered self-employed.

REGISTRATION OF SELF-EMPLOYED PERSONS

All self-employed persons between the ages of 16 and 62 years must register with Social Security no later than seven days (7) after becoming self-employed or upon attaining the age of 16.

Following are the procedures for registering as a self-employed person:

1. All self-employed persons must:

- (a) Complete all areas of the application form for self-employed (Form SF-1);
- (b) Submit the form with passport or certified original certificate of birth and marriage certificate where appropriate;
- (c) Sign the application form. (*Where a person is unable to write, the thumbprint must be placed on the form and must be witnessed*).

If the self-employed person was never registered with Social Security, then he/she would complete an employee registration form (Form R-4) as well as the Self-employed Registration form.

Upon registration, the self-employed person will be given a Social Security Number that will be used to identify that person for every transaction with Social Security. The self-employed person will also be issued a laminated photo identification registration card. This card remains the property of the Social Security Board and must be kept safe at all times.

CONTRIBUTIONS

A. *Selection of Income Category*

Contributions are compulsory and are due and payable monthly, in respect of each week worked. At the time of registration, the self-employed person will be asked to select a wage category on which contributions will be paid.

The categories of income are shown in Table A.

Category	Weekly Income	Weekly Contribution	Monthly Contribution
Special	\$100	\$10	\$40 or \$50
A	\$200	\$20	\$80 or \$100
B	\$300	\$30	\$120 or \$150
C	\$400	\$40	\$160 or \$200
D	\$500	\$50	\$200 or \$250
E	\$600	\$60	\$240 or \$300
F	\$700	\$70	\$280 or \$350
G	\$800	\$80	\$320 or \$400
H	\$900	\$90	\$360 or \$450
I	\$1000	\$100	\$400 or \$500
J	\$1100	\$110	\$440 or \$550
K	\$1200	\$120	\$480 or \$600
L	\$1350	\$135	\$540 or \$675
M	\$1500	\$150	\$600 or \$750

TABLE A (income categories to be selected)

A. *Selection of Income Category Con't*

The category that is selected at any point in time will be valid for the remainder of any period of a half year. The self-employed person will then be entitled to change the selected wage category at the end of each consecutive half year. However, the new category selected can only be one tier above or one tier below the category selected in the previous half-year period.

The timeline for changing the selected category of income is by the end of January or by the end of July of each year. If a change of selection is not made by the required time each year, then the self-employed person will be deemed to have retained the previous category selected. In other cases, a category may be assigned by the Director of Social Security.

If it is proven that the income of a self-employed person is below \$200 per week (Category A) then the Director may approve the Special Category (S-\$100 per week). A self-employed person may also be exempt from paying contributions if an investigation proves that the person's income is less than \$100 per week (*Special Category*). In this case, the self-employed person must prove his/her case to the Director of Social Security.

In addition to the foregoing, the regulations provide that minimum category will apply to certain types of employment. Three classes and the types of employment falling within them are outlined as follows:

1. **Class I** **Not less than \$200 per week:** farmers, fishermen, bus and taxi drivers, street, beach and other vendors, barbers, beauticians, craft-makers, retail store and shop operators, restaurateurs, landscapers, auto tradesmen, food caterers, school operators, other.
2. **Class II** **Not less than \$400 per week:** building contractors, technicians, electricians, plumbers, carpenters, joiners, masons, truck and heavy equipment operators, person offering skilled labor, other.

- 3. Class III Not less than \$900 per week:** accountants, medical doctors, lawyers, architects, dentist, undertakers, consultants, engineers, wholesalers, other.

B. Payments of Contributions

Contributions of 10% are payable each month (*for the number of weeks in the month*) based on the weekly income category selected. The number of weeks for each month is based on the number of Mondays in the month. Therefore, if a month has five Mondays, contribution are payable for five weeks and if a month has four Mondays, contributions are payable for four weeks.

For example:

1. Where a month has 5 Mondays

If the person has selected Category C - \$400 per week

Total Income: \$400 x 5 = \$2000

Contributions due: 10% of \$2000 is \$200

2. Where a month has 4 Mondays

If the person has selected Category C - \$400 per week

Total Income: \$400 x 4 = \$1600

Contributions due: 10% of \$1600 is \$160

Contributions generated weekly and are payable monthly. Payments must be recorded on the approved remittance form and paid at the Social Security Office. Contributions must be paid no later than one month after the end of the month for which they are due. It is possible to make advance payments. The self-employed person should discuss this with a Social Security Inspector or with the registration officer at the Social Security Office.

A person who is employed and self-employed at the same time, is not obliged to pay

contributions as a self-employed person as his/her employer will already be making contributions on his/her behalf. Such a person can choose to make payments as a self-employed in special circumstances.

LATE PAYMENT

If contributions are not paid within the prescribed time, a fine of **5% per month** will be levied on contributions payable for each month that payment is late.

VOLUNTARY CONTRIBUTION

A self-employed person who ceases employment may apply to the Director of Social Security to become a voluntary contributor after he has paid at least 104 contributions in any capacity. The contributions may be a combination of the two types of employment. A self-employed person who becomes a voluntary contributor will only contribute to the long-term benefit branch i.e. Age and Survivors benefits.

The rate of contribution for a voluntary contributor will be determined by the Director in accordance with the provisions of regulations governing voluntary contributions.

TERMINATION OF SELF-EMPLOYMENT

A self-employed person who is not gainfully employed for a the duration of a contribution month or week must inform the Social Security Board by forwarding a NIL return. If the self-employed person submits three consecutive NIL returns in any twelve month period, the Director may require that evidence be presented to support the assertion that the person was not employed during the periods. An Inspector will be entitled to conduct an investigation, to verify that the person was not gainfully employed during the said period. Such investigation could entail examination of relevant records.

BENEFIT TYPES

The main purpose of extending Social Security coverage to self-employed persons is to provide benefits to compensate for the loss of income when certain contingencies arise that prevent work. Benefits are payable to the self-employed on the same conditions as employees except in cases of Employment Injury. The benefits offered are:

SHORT TERM

Sickness Benefit

This benefit is payable to a self-employed insured person who cannot work because of illness or injury. The following qualifying conditions must be met before Sickness Benefit can be paid:

Who Qualifies?

- a.** a person who is between the age of sixteen and sixty two, who;
- b.** has paid or who has had paid on his or her behalf, at least twenty six contributions into Social Security; and at least eight contributions in the thirteen weeks before the illness, and who;
- c.** has been employed immediately before the illness.

A claim for sickness benefit should be made no later than ten days from the day on which the claimant was examined by a doctor and given leave from work.

The claimant should ask his or her doctor to complete a Social Security medical certificate on the day that he/she is examined, and then take the form to the Social Security Office.

Amount of Benefit

A self-employed person will be paid 65% of the average weekly rate of income for any

period of incapacity up to a maximum of twenty six weeks.

Maternity Benefit

Maternity Benefit consists of two types: Maternity Allowance and Maternity Grant. Both the allowance and the grant may be claimed by a self-employed insured woman. However, the grant only, may be paid to the wife of an insured man.



Who Qualifies?

- a.** A woman between the ages of sixteen and sixty two years who is pregnant or has given birth. She may claim in her capacity as an insured woman or as the wife of an insured man.
- b.** The insured man or woman should:
 - i. have been insured for at least 39 contribution weeks, and;
 - ii. have had paid or credited, at least 20 contributions out of the last 39 contributions weeks immediately before the date on which payment is due.

Maternity Allowance

Maternity Allowance is a periodical payment that may be paid for a maximum of thirteen consecutive weeks. It is payable to an insured woman who has ceased work because of pregnancy and/or confinement.

When to Claim

A claim for Maternity Allowance may be submitted as early as six weeks before the expected birth of the baby.

Any claim that is made after confinement should be submitted no later than three weeks after the birth of the baby.

Amount of Benefit

A claimant will be paid 65% of the average weekly rate of income.

Maternity Grant

The Maternity Grant is a lump sum payment of \$450.00 for each child born at one confinement.

LONG TERM

Invalidity Benefit

This is a pension that is payable to an insured person:

- a.** who has been medically declared an invalid, who;
- b.** has actually paid at least one hundred and fifty contributions into the Social Security Fund, and who is;
- c.** under the age of 62 years.

When to Claim

A claim for Invalidity Benefit should be submitted no later than three months after the date on which an insured person is medically certified as an invalid.

Amount of Benefit

A pension ranging between 16% to 60% of average annual wages or the maximum

insurable earnings of the person will be paid for as long as the incapacity lasts. The minimum is currently set at \$430.00 per month.

The continued payment of Invalidity Pension is subject to review at least every three years.

Age Benefits

1. Age Pension

This pension is payable to:

- a.** an insured person who has attained the age of 62 years and who;
- b.** has actually paid, or has paid on his/her behalf at least one hundred and fifty contributions, and who;
- c.** has paid or has been credited at least five hundred contributions into the Social Security Fund.

Amount of Benefit

A pension ranging between 30% to 60% of the average annual wages, or of the maximum insurable earnings, based on the three best fullest contribution years may be awarded.

The minimum age pension is currently \$430.00 per month.

2. Age Grant

This is a lump sum that is payable to:

- a. An insured person who has attained the age of 62 years, and who,
- b. has paid at least fifty but less than five hundred contributions into the Social Security Scheme.

Amount of Benefit

Age grant is payable as a lump sum of six times the average weekly wages for each unit of fifty contributions paid and/or credited.

3. Refund of Contributions to Certain Elderly Entrants

Who Qualifies

An insured person who has attained the age of 62 and has paid:

- a. 26 to 49 contributions may be refunded the portion of contributions representing long term benefits such as age, invalidity and survivors.
- b. Less than 26 contributions may be refunded the contributions paid on his/her behalf.

When to Claim

A claim for Age Benefit should be submitted no later than three months after the claimant's 62nd birthday.

Survivors' Benefit

Survivors' Benefit is payable to the widow, widower, child or dependent parent of a deceased insured person who at the time of death:

- a. had paid at least one hundred and fifty contributions into the Fund;
- b. was receiving Invalidity or Age Benefit;
- c. was entitled to Invalidity or Age Benefit.

Who Qualifies

- a. **The widow:** If she had been married to, or had cohabited with the deceased insured person for at least three years. If the widow is under 45 years, she will be paid the benefit for one year only.

However, if the widow is over 45 years she will be paid the pension for life or until she remarries or cohabits. If she was an invalid, the pension will be payable for life or for as long as the invalidity continues. In some cases a Survivors' Grant may be paid.

- b. **The widower:** Same as above.

- c. **A dependent Child who is:** Natural, adopted, step, illegitimate, unmarried or who was living with the deceased, or was wholly maintained by the deceased.

The child will receive benefit up to the age of 16 or up to age 18 if attending school or college. If the child is an invalid, he/she will receive the benefit for as long as the incapacity continues.

- d. **A parent (or both parents):**

- i. who is an invalid or;
- ii. who had been mainly maintained by the deceased insured and;
- iii. over forty five years.

When to Claim

A claim for Survivors' Benefit should be made no later than three months after the date of the death of the insured person. The claim should be accompanied by evidence of the relationship (marriage certificate, birth and death certificates, evidence of cohabitation etc.).

1. Survivors' Pension

The Survivors' Pension is monthly payments to the widow, widower, dependent

children or parents of a deceased insured person.

Amount of Benefit

- a. **Widow/Widower:** 15% of the average annual wages of the deceased or; 1/2 of the pension of the deceased pensioner;
- b. **A child:** one sixth of the average annual wages of the deceased or; one sixth of the pension of the deceased pensioner;
- c. **An Orphan or An Invalid Child:** up to one third of the maximum amount;
- d. **A parent (or both parents):** up to 50% of maximum amount.

The parent(s) may be paid less than 50% if payment is being made to the widow/widower/child. When there is no other dependant, both dependant parents may be paid. The total benefit payable to dependents should not exceed the maximum amount.

2. Survivors' Pension

A lump sum payment to the survivors of a deceased insured person. This sum is based on the amount of Age Grant that was paid or was due to the deceased insured person.

Funeral Grant



Funeral Grant is payable on the death of a person who:

- a. was an insured person; or who
- b. was the spouse of an insured person; or who
- c. was the dependant child of an insured person under age 16 or under 18 if attending school or university full-time; or an invalid.

Who Qualifies

Funeral Grant is payable to a person who has met or who has undertaken to meet the funeral expenses of the deceased. The insured person must have actually paid at least 26 contribution weeks into Social Security.

Amount of Benefit

The current maximum Funeral Grant payable on the death of the insured person or his/her spouse is \$2,500.00.

On the death of a dependant child, Funeral Grant is paid according to the following scale:

Age at Death	Amount
Under 3	\$400
3	\$550
4	\$700
5	\$850
6	\$1000
7	\$1150
8	\$1300
9	\$1450
10+	\$1600

When to Claim

The claim for Funeral Grant must be submitted no later than six months after the death of the insured person or his/her spouse, or dependent child.

The claim must be accompanied by the death certificate and all receipts or bills for the funeral expenses. The receipts/invoices **MUST** be in the name of the person making the claim, or an authorized representative.

SPECIAL NOTE

- 1. If a self-employed person has reached the age of 57 years and has never paid contributions as a self-employed person, he/she cannot select a category higher than the lower limit of the contribution band relating to the type of employment involved.**
- 2. A self employed person may change his/her selection category once per year after the age of 52 years up to age 57 years and will not be entitled to vary the selection from that time onward up to the age of 62.**

APPEAL A DECISION

A claimant has the right to appeal against an adverse decision to an Appeal Tribunal. A notice of appeal must be made in writing to the Board and must contain a statement of the grounds upon which the appeal is being made.

The notice must be given within a period not exceeding four months after the date of the Director's decision.

OTHER NOTES

Effect of Outstanding Contributions on Benefits

No benefits will be payable to, or in respect of, a self-employed person who has outstanding contributions.

Effect of Non-compliance on Assistance Pension

A self-employed person who fails to pay contributions when required to do so in accordance with the regulations, shall not be entitled to receive Assistance Pension.

Late Payment of no Effect for Entitlement to Certain Benefits

If, before making a relevant late payment, a self-employed person had not satisfied the qualifying conditions for an age or invalidity benefit, he/she shall not effectively secure such benefit by virtue of making the late payment.

Inspection of Records

The self-employed person must retain the receipts of payment and any other records for inspection by field officers.

APPENDIX 1

POINTS TO REMEMBER:

A portion or all of claimant's BENEFIT may be forfeited if a claim is not made within the time prescribed.

BENEFIT

TIME FOR CLAIMING

Age Pension

Not later than **3 months** prior to the claimant's 62nd birthday.

Funeral Grant

Not later than **6 months** after the death of the insured person, his/her spouse or dependent child.

Invalidity Benefit

Within **3 months** of the date on which the insured person was medically declared an invalid.

Maternity Allowance

First claim - not earlier than **6 weeks** before the expected date of confinement.

Second claim - within **3 weeks** of the date of confinement.

APPENDIX 1 Con't

Maternity Allowance

Within **3 weeks** of the date of confinement.

Sickness Benefit

Not later than **10 days** after examination by a doctor and given leave from work.

Survivors' Benefit

Not later than **3 months** from the date of the death of the insured person.

- An insured person's Registration Number serves to identify that person and stays allocated to him/her.
- The Social Security Number should ALWAYS be given when making claims or corresponding with the Office.
- If the name or address of an insured person has been changed the Social Security Board should be notified IMMEDIATELY. Such a person should not wait until he/she needs to claim a benefit.
- Insured persons should check their employer about contributions PERIODICALLY and if they are concerned about any discrepancies, the Social Security Board should be notified.
- Claimants should ask their doctor to complete the Social Security Medical Certificate at the time of being attended by the doctor, if they are being granted leave (sickness, maternity, injury, etc.).

APPENDIX 2

The table below shows the percentage of average annual wages which will be paid for Age Pension according to the contributions wholly *paid* or a combination of *paid and credited*.

Total Contribution Paid and Credited	Age Pension
150 - 199	16% of wages
200 - 249	18% of wages
250 - 299	20% of wages
300 - 349	22% of wages
350 - 399	24% of wages
400 - 499	26% of wages
450 - 499	28% of wages
500 - 549	30% of wages
550 - 599	32% of wages
600 - 649	34% of wages
650 - 699	36% of wages
700 - 749	38% of wages
750 - 799	40% of wages
800 - 849	41% of wages

APPENDIX 2 Con't

An additional 1% of average earnings in respect of each unit of 50 contributions in excess of 800 contributions will be added up to a maximum pension of 60% of the insured person's average annual wages.

GLOSSARY

Beneficiary

A person entitled to benefit or assistance, as the case may be.

Claimant

Includes a person claiming benefit or assistance on behalf of another person.

Confinement

Labor resulting in the birth of a living child or labor (after not less than 28 weeks of pregnancy) resulting in the birth of a child whether alive or dead.

Contribution

The total of an employer's and an employee person's obligation to the Fund.

Credited Contribution

That entry made on a beneficiary's record for the entire week for which Sickness Benefit, Injury Benefit, Maternity Allowance or Invalidity Pension is paid.

GLOSSARY Con't

Contribution Year

The period of 52 or 53 weeks beginning with the first Monday in any calendar year and ending on the Sunday immediately before the first Monday of the succeeding calendar year.

Contribution Week

A week beginning on a Monday.

Grant

Maternity, funeral, age or survivor's benefit paid by a single payment.

Invalid

A person incapable of work as a result of specific disease or of bodily or mental disablement, being such a disease or disablement as is likely to remain permanent.

Insurable Earnings

The earnings, or portion of earnings, subjected to contributions:

1978-1983 \$24,000.00 Per Annum

1984-1992 \$48,000.00 “ “

GLOSSARY Con't

1993-1995	\$62,000.00	“	“
1996-1997	\$70,200.00	“	“
from 1998	\$ 6,500.00	(Monthly)	

Maximum Amount

The calculated amount of Survivors Benefits to be shared among the survivors of the deceased Insured person.

Pension

Invalidity, age, survivor's benefit; or Assistance paid by periodical payments.

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