

# Proposed Changes to Guernsey Pension Rules



"... clarify some areas in response to feedback"

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The Guernsey Financial Services Commission ("GFSC") introduced a regulatory framework for pensions in 2017, with full compliance required by 30 September 2018. The framework's scope is limited to those pension and gratuity schemes where a licensed fiduciary is involved with either the scheme's trusteeship or administration. The practical requirements are set out in the "Pension Rules"\*. Following feedback from stakeholders, the GFSC has released a discussion paper seeking comments on potential enhancements to the framework and also to clarify some areas.

The GFSC also clarified that Employer Sponsored Retirement Annuity Trust Schemes (RATS) are considered to be occupational schemes, which means that the requirements surrounding investment direction no longer apply.

Further details of the discussion paper can be found at:

<https://www.gfsc.gg/news/article/discussion-paper-proposals-create-single-fiduciary-handbook-and-revise-pension-rules>

## Key points

- Amendments to some definitions, in particular:
  - to include reference to the United Kingdom in the definition of Appropriate Financial Advisor, as the UK would no longer be an EU member state after Brexit; and
  - updates to the definitions of Defined Contribution and Defined Benefit to ensure all schemes fall within the scope of one or the other.
- Moving the conduct of business related sections of the Pension Rules into the Fiduciary Handbook
- Amending the Pension Rules to clarify that the appointment of a Governance Committee is at the discretion of the licensee, so long as it has ensured appropriate internal controls
- Increasing the minimum defined benefit transfer value requiring a transfer value analysis report from £30,000 to £50,000, or possibly linking the minimum to the deferred pension amount rather than the transfer value
- Removing the 21 day limit for providing a defined benefit transfer value and instead requiring that the valuation is provided as soon as reasonably practicable
- Excluding "member directed schemes" from the requirements regarding the preparation of a "Statement of Investment Principles".



\* The Pension Licensees (Conduct of Business) & Domestic and International Pension Scheme and Gratuity Scheme Rules (No.2) 2017