

Bandwagon

The BWCI Group Newsletter

Issue 3
2024



Guernsey Secondary Pensions

Deadline for employers
with 11-25 employees:
1 October 2024

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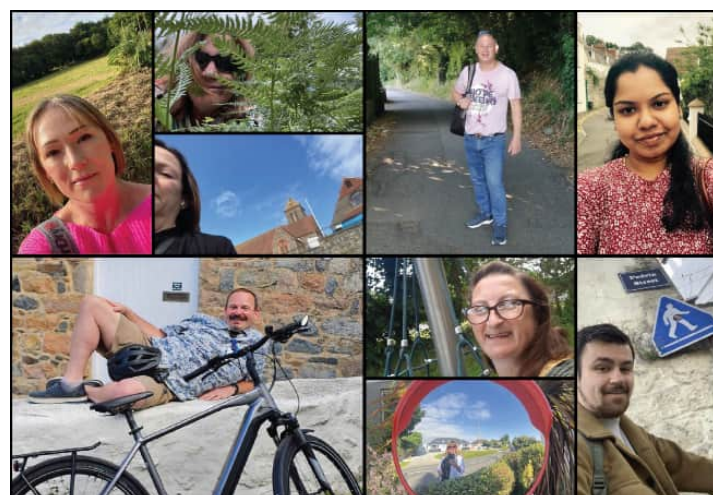
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Welcome to Bandwagon.

Following a very busy few months in the run up to 1 July, Guernsey's Secondary Pensions is now well into the 15 month phasing in period. Employers with at least 26 employees on 30 June 2024 should now be compliant and attention has turned to the next tranche of employers with between 11 and 25 employees. The deadline for these slightly smaller employers is 1 October, so there's not much time left!

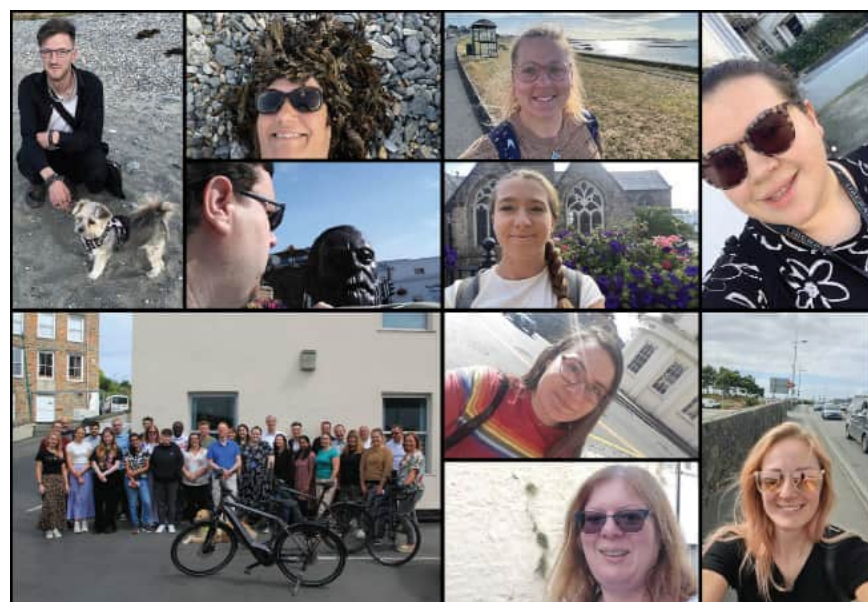
Greener Travel

BWCI's latest carbon footprint analysis report showed that the largest part of BWCI's carbon footprint was linked to the daily commute into the office. Having surveyed staff about the barriers they faced to more active travel, we have introduced various initiatives to make life a little easier for those wishing to cycle. They include a covered bike shelter outside the 4th floor entrance to Albert House in Guernsey, as well as some financial incentives to help with the cost of purchasing and maintaining a bike.



We are also continuing to promote our BWCI "Green Travel Days", where we encourage our staff, in both our Guernsey and Jersey offices, to travel to work by walking, cycling or getting the bus. Those who travel in one of these ways receive a free breakfast on behalf of BWCI.

Here are some photos we have taken on our way to work!



Our New Pensions Partner Matt Stanbury

We are delighted to announce the promotion of Matt Stanbury to Partner with effect from 1 July 2024. Matt joined BWCI in 2005 and qualified as a Fellow of the Institute and Faculty of Actuaries in 2012.

Matt is an experienced pensions actuary who advises the trustees and sponsoring employers of local and international pension schemes.

In addition to Matt's client responsibilities, he is also BWCI's student study coordinator, guiding our trainees through the actuarial exams.

Matt also supports the development of BWCI's range of services through his membership of our Employee Benefits Research Group. In addition, Matt is secretary to our International Development Group which is responsible for international employee benefits issues within BWCI.

Debra Smith, BWCI's HR Partner, said:

“Matt plays a key role within the Actuarial Pension Team, both supporting our trainees and in business development. His promotion recognises his contribution to the growth of BWCI and will further strengthen our leadership team.”

In addition to Matt, the career progression of 14 other BWCI staff has also been recognised. Further details are provided on page 10 of Bandwagon.

Guernsey Secondary Pensions 11-25 employees



The deadline has now passed for employers with 26+ employees to be signed up to a secondary pension scheme. Those that still have not organised this will be liable to heavy fines etc. according to the new Secondary Pensions Law.

The next deadline is for businesses with 11-25 employees, which need to be signed up to a secondary pension scheme by the 1st October 2024.

Exploring Guernsey's international pensions landscape



Anna Gray

anna.gray@bwcigroup.com

“flexibility without compromising standards.”



Guernsey Finance recently invited our Director, Anna Gray, to discuss Guernsey's unique regulated pensions environment as a secure, safe and stable jurisdiction of substance.

How has the increasing globalisation of businesses, requiring employment of international staff, impacted the need for international pensions and savings?

One of the key reasons an employer might seek an international pension or saving plan is because they are very well suited to give a single pension benefit package to staff in multiple jurisdictions. An assessment of whether there are any implications in the member's home jurisdiction should always be undertaken. Where an international pension operated from Guernsey is suitable, employers can harmonise pension benefits across those jurisdictions, which is a key advantage.

Have you noticed any interesting trends in the corporate pension and savings market recently?

Locally, with the introduction of compulsory workplace pensions, similar to the UK automatic enrolment system, there is a vast increase in activity in terms of corporate pensions. We have also seen international employers wanting to attract, recruit and retain key staff and setting up and operating an international pension and savings plan is an excellent way of doing this.

Guernsey remains a jurisdiction of choice able to offer flexible international corporate pension and saving plans which, subject to implications of the jurisdiction in which members are based, can to a large extent, be designed to meet the requirements of the employer – whether that is to incorporate a leaving service or termination benefit in addition to traditional retirement benefits, or other facilities/flexibilities.

There are also some interesting developments in the industry generally. In particular, the ESG framework has been developed by the Guernsey Association of Pension Providers (GAPP) for local pension providers who meet certain criteria. BWCI have recently adopted this framework for our flagship Blue Riband scheme which includes an international pension and saving version. This framework seeks to recognise the work Guernsey pension providers do towards achieving sustainable development goals and to raise standards by bringing ESG to the forefront of how plans operate and are governed.

How is Guernsey suited to meet the needs of the current market?

Guernsey is one of a very small number of jurisdictions that can offer truly international pensions and has many years' experience of exactly that. We have an established and stable legal and regulatory infrastructure, an experienced workforce that is well trained in fiduciary matters and we operate in a regulated environment which means that employers across the world can have confidence in the pensions infrastructure offered.

Guernsey has a wide range of professionals (accountants, lawyers and actuaries, as well as experienced administrators). This results from Guernsey having been the leading centre for international pensions and savings for more than 40 years.

In addition, we have an established funds and investment industry that can support pension provision – although we are not limited to using these in the pensions we run. Professional training to support fiduciary activities is commonplace – for example STEP is very prominent on the island with many fiduciary companies positively encouraging staff to undertake professional qualifications.

From a personal perspective (I have practised as a pensions lawyer in Guernsey and currently work in a non-legal role as director of one of Guernsey's largest pensions companies), I have experience of professions supporting the pensions industry from both sides of the fence. In my experience, the benefits of a small jurisdiction mean that you can get things done; the benefits of an experienced workforce are that you are able to face and address issues robustly with a good understanding of the legislative, regulatory and investment infrastructure locally and internationally so that there can be confidence in the resulting product.

How is Guernsey pension legislation different from other jurisdictions?

In Guernsey, the suite of pension legislation and regulation means that there is clear oversight not only of the providers as regulated fiduciaries, but also the pension plans which must operate in accordance with regulatory standards.

Our pensions legislation comprises trust law, tax law and regulatory (in particular robust anti-financial crime) legislation. In addition, pension providers operating commercially are regulated and subject to regulatory rules set by the Guernsey Financial Services Commission. Those rules were designed with a view to international standards and are intended to hold providers in Guernsey to the highest standards.

Further, I believe the Channel Islands Financial Ombudsman is a key part of how Guernsey can ensure that our pensions are operated robustly and fairly. The ombudsman is able to consider complaints from members across the world, is free for the underlying member to use when other resolution avenues are exhausted and has an express remit set out in legislation to ensure that members are treated fairly with powers to support this.

The other key defining feature of the legal framework is its flexibility without compromising standards. There is a range of different types of pensions permissible under our tax law with varying degrees of flexibility permitted, depending on what is required. We are one of the few jurisdictions in the world offering international pension schemes for a non-domestic market and we have been doing so for very many years.

Further, the size of the jurisdiction means that you can discuss issues directly with the decision makers. As a pensions provider, you may not always agree with the position our regulator or tax office takes on a matter, but you can speak to them, discuss difficulties arising and whether they might be addressed at legislation/regulation level and understand the approach.

Guernsey's pensions industry is perhaps one of the longest running at 40 years, how important is this to decision-makers in choosing Guernsey as a domicile?

Guernsey has a robust and stable infrastructure that is supported by its experience operating in this area. Local pensions providers have their industry body, which is active on their behalf in liaising with authorities on developing initiatives/legislation. It results in strength in depth – and there is more industry experience here than in most other centres.



Unravelling Pensions on Divorce



Michelle Galpin

michelle.galpin@bwcigroup.com

“offsetting” remains the most commonly adopted remedy”

The value of pension benefits may be substantial, which is why they are taken into account when determining how the marital assets are to be carved up on divorce.

The second edition of “A Guide to the Treatment of Pensions on Divorce” has recently been published by the Pensions Advisory Group¹. Although focusing on the issues around pensions and divorce in the context of the legislation in England and Wales, it is also likely to be of interest to those advising on divorce in other jurisdictions.

There are several approaches to dealing with pensions on divorce, but the guide states that “offsetting” remains the most commonly adopted remedy for dealing with pensions in England and Wales.

How does offsetting work?

Each party retains their own pension rights, and the Court determines how the other “non-pension” assets are then to be split to arrive at the overall split of total assets. On the face of it, this seems relatively straight forward, unless those other assets are insufficient of course!

Sometimes the divorcing parties' pension arrangements may be quite straight forward, for example, if each party only has a defined contribution pension scheme or personal pension arrangement. For these cases comparing the size of each divorcing party's pension “pot” would generally be all that is required.

However, for defined benefit type schemes, how to determine the fair value of a pension entitlement is not always simple.



¹ “PAG” a multi-disciplinary group of individuals specialising in the field of financial remedies and pensions on divorce in the England and Wales

Valuing Defined Benefit pensions

The legislation in the UK points towards using a cash equivalent transfer value, often shortened to “CETV”, to value a defined benefit pension. However, as CETVs depend on the underlying assumptions adopted by a particular scheme to calculate them, comparing two CETVs from different schemes may not be appropriate.

CETVs are also affected by changes in long-term interest rates, so the timing of any valuation can be an issue. For example, in a typical pension scheme, a CETV may well have reduced by around 50% over the last couple of years or so, due to the rapid increase in the yields on UK Government bonds.

Alternative approach

Instead of equalising the capital value of the pension entitlements between the parties, an alternative approach is to consider the income streams generated by the pensions. However, if the ages of the divorcing parties are not the same, or their pension benefits have different normal retirement dates this can complicate matters.

Level of complexity

If at least one party has a defined benefit pension, then comparing the values of the pension benefits becomes trickier. In addition, one £10,000pa pension from Scheme A might have a very different value from a different £10,000pa pension from Scheme B. Factors that would affect the value would include:

- the level of any guaranteed pension increases
- normal retirement age/early retirement terms
- any defendants' benefits provided

Utility Value

There is also the concept of “utility” to consider. This is the idea that £500,000 in cash now is perceived to be much more flexible and useful to an individual on divorce than a pension pot of £500,000 that cannot be accessed until the individual reaches the minimum retirement age. Therefore, the cash has a greater “immediately useful” value than the pension. Valuing this “bird in the hand” utility adjustment is subjective and would generally be for the Court to consider.

Getting started

Obtaining accurate, complete and up to date pension data is key. Each party may have pension benefits from several sources, as well as their State pension entitlements, so validating the data against past employment history is helpful to check that nothing has been forgotten.

A key question for lawyers advising the divorcing parties is whether to seek advice from a pensions on divorce expert or “PODE”, and if so, at what stage in the process.

The guide comments “The financial cost of making an uneducated guess about the pensions with a view to avoiding the relatively modest cost of a PODE report and so getting it wrong can be immense for either party.”

As a rule of thumb, if either party has a defined benefit pension, then specialist advice may be required.



For further information on BWCi's service on pensions on divorce, please contact Michelle Galpin michelle.galpin@bwcigroup.com.

Are you Carbon Literate?



Mark Colton

mark.colton@bwcigroup.com

“The world
will have to
decarbonize”

Carbon Literacy is:

“An awareness of the carbon costs and impacts of everyday activities, and the ability and motivation to reduce emissions, on an individual, community and organisational basis.”

Why is it important?

So far, the world's score card for delivering the Paris Agreement's objectives looks a bit disappointing. Government initiatives are delayed, watered-down or faltering. All the more reason for individuals and companies to effect positive change.

This is something that a charitable initiative, the Carbon Literacy Project, promotes and supports, providing an immediately encouraging thought: **“How can one person make a difference?”**, said a billion people.

What is it?

Recognised by the United Nations, the Carbon Literacy Project offers everyone a day's worth of Carbon Literacy learning. Whilst it is open to individuals, many of the courses' participants are drawn from companies wishing to get their employees up to speed on the relevant skills. So far 96,000 individuals from almost 8,000 organizations are Carbon Literate accredited.

We might think that we understand what climate change is and what global warming means, but perhaps not in any great depth. For example: does the Paris Agreement apply to carbon dioxide or to all greenhouse gas emissions? How much has the sea been rising in Guernsey over recent decades? How do you choose a planet-friendly diet if you cannot see the carbon footprint of each item in the supermarket?



Where?

In Guernsey, the Carbon Literacy Project is delivered by local consultancy, UN1TY. The course comprises two half-days, and a follow-up piece of “homework”. This consists of a few questions designed to test your understanding of the issues, and more importantly to demonstrate how you might put some positive changes into action, both at a personal and a business level. The results are sent off for assessment, and your reward is official accreditation.

You may be familiar with the Guernsey Green Forum (“GGF”), a group of like-minded Guernsey businesses of which BWCI was a co-founder. Rollo de Saumarez, from UN1TY, presented the Carbon Literacy Project to the GGF and many of its members went on to take the course.

What's involved?

A significant part of the course is in the form of round table discussions amongst the participants, (typically 8 or 10). These offer real insights into the challenges local businesses face. But it is not just about problems. There are businesses that have already taken steps to reduce their carbon footprints and have plans for further action. In this regard, the renewable-sourced electricity from France is a real winner for Guernsey, as you might expect.

Pensions

Perhaps not immediately obvious, but the investments held in pension schemes form a huge part of each person's carbon footprint. Changing these investments can have up to **21 times the impact of going vegan and stopping flying¹**. The logic is straightforward: your pension investments are typically in stocks and bonds of companies, each with their own carbon footprint. As most pension arrangements are now structured on a defined contribution basis, each member has the option to choose² their own funds. Invest in carbon-heavy industries and your carbon footprint expands. Choose clean and green, and your footprint shrinks. As well as being a worthy objective, there are expected to be real benefits for future returns as well. The world will have to decarbonize, so which companies are going to be the winners and losers of the future?

Blue Riband

Blue Riband, BWCI's flagship range of pension plans, has taken a lead in sustainable investment for its members. In 2023, several Future World funds from Legal & General replaced existing funds in the default option, which accounts for the vast majority of invested monies.

These funds also meet the requirements of the Guernsey Association of Pension Providers' recently introduced ESG Framework. The Framework supports investments that meet acceptable standards relating to Environmental, Social and Governance matters.

Conclusion

With temperature records being broken regularly in the headlines, climate change may sometimes feel like an insurmountable challenge. However, everyone, and every business can make changes; they all add up. The Carbon Literacy Project really does help to develop greater understanding and give people the tools to effect change. One of those changes is easy to make and has outsize benefits: pension scheme investments.

For more information on sustainable investment for pension plans, contact mark.colton@bwcigroup.com or your usual BWCI contact.

¹ the estimate provided by the UK's Make My Money Matter

² if they do not then their contributions are invested in line with the default fund

2024 Promotions

In addition to Matt Stanbury's promotion to Partner, we are pleased to announce a further 14 staff promotions in five of our business and support teams from 1 July 2024.

Five staff have been promoted to Senior Administrator within our Pensions Administration Team: **Jade Allez**, **Lydon Corbin**, **Simon de la Mare**, **Eloise Desmond** and **George Edwards**. In addition, **Volga Frunze** becomes an Administrator, having completed our in-house training.

Within our Actuarial Insurance Team, **Christopher Ferry** has been promoted to Manager; **Alex Bushell** and **Ben Lee** become Assistant Managers and **Harry Brooke** and **Ryan Hardiman** become Senior Actuarial Trainees.

In our Actuarial Pensions Team, **Tori Kettlety** has completed the in-house training to become an actuarial analyst.

In our Fiduciary Team, **Karel Booysen** has been promoted to Assistant Manager.

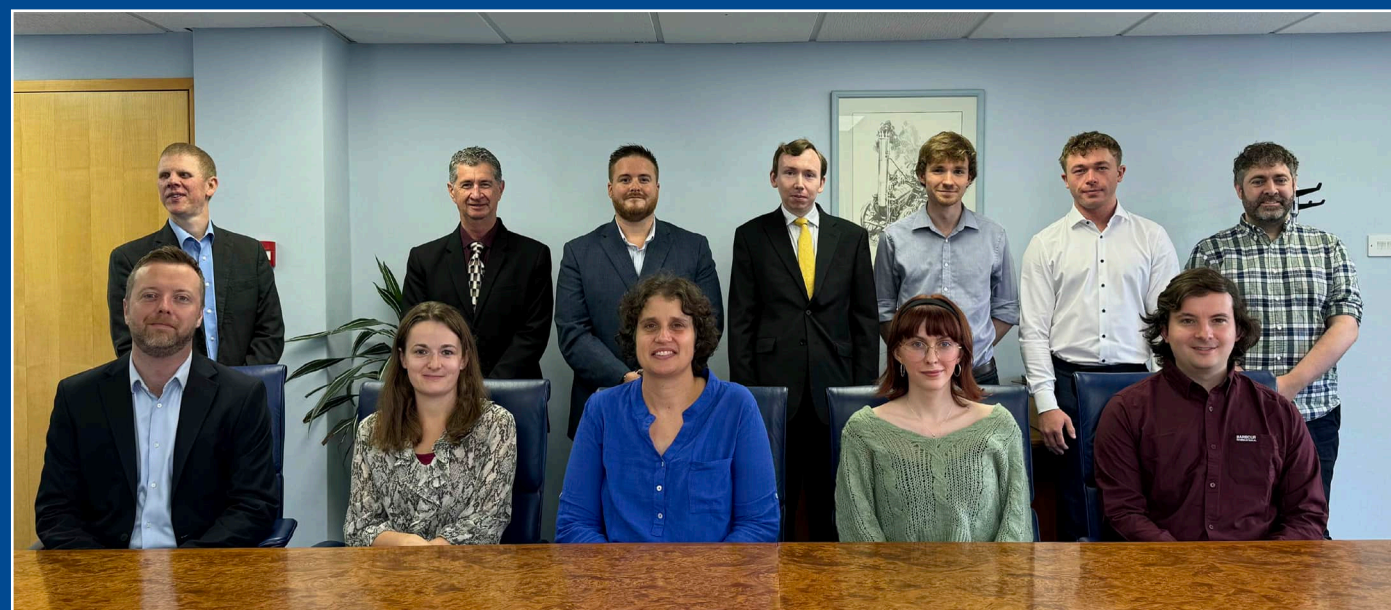
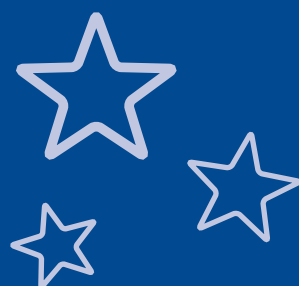
In our HR Team, **Alan Prince** becomes a Senior Administrator.

Debra Smith, BWCI's HR Partner, congratulated everyone saying:

— “ —

The large number of promotions reflects the hard work and dedication of everyone across our business areas over the last year.

— ” —



(Back row, left to right): Simon de la Mare, Karel Booysen, Lyndon Corbin, George Edwards, Harry Brooke, Ryan Hardiman, Ben Lee.
(Front row): Alan Prince, Eloise Desmond, Jade Allez, Tori Kettlety, Christopher Ferry.

Matt Stanbury, Alex Bushell and Volga Frunze were unavailable for the photo.



Over the weekend of the 6th and 7th July, sixteen teams and over 175 players enjoyed some fantastic competition, as they competed for the BWCI Shield and Plate trophies. With ten local teams, including the GFA Aztech Academy, four teams from Jersey and two from Bristol City, the Festival again illustrated its popularity and reputation for being a fantastic event.

After an unseasonably wet start to the Sunday fixtures, Bristol City and the GFA Aztech Academy contested the final for the BWCI Shield. The Plate final was a Guernsey-Jersey affair with Guernsey's Belgrave Wanderers taking on Jersey's Grouville.

Bristol City and Belgrave Wanderers both won their matches without the need for penalties. Both winning comfortably 2-0, the Shield was awarded once again to Bristol City with the Plate being awarded to Belgrave Wanderers for the first time in the club's history.

Festival Chairman, Martyn Banton, commented that;

"Once again the BWCI Festival has delivered another fantastic experience for all of those children that have enjoyed participating throughout the weekend. We have witnessed some really impressive performances from individual and teams but perhaps more importantly, the Festival has been played in a great spirit. As always we are indebted to the Festival's headline sponsor, BWCI, who have now sponsored this event for eighteen years because without this support, and that of the companies in the sponsorship consortium, an event of this stature simply could not be delivered.

It is this continued support, which is greatly appreciated by the Guernsey Football Association and ensures that the Festival remains one of the highlights of the sporting calendar in the Channel islands."

Winners / Final Scores

BWCI Shield

Bristol City 2 – 0 GFA Aztech Academy

BWCI Plate


Belgrave Wanderers 2 – 0 Grouville





13-19
OCT

The BWCI International
Chess Festival



30
NOV/
01
DEC

BWCI Camerata Weekend

Diary of
Events
2024

Rebecca Toll
Touch Rugby World Cup

In July, Becca Toll played for the Team Guernsey in the Touch Rugby World Cup 2024, held in Nottingham. Becca is a trainee actuary in our investment team and BWCI was pleased to be sponsoring her for a second year running.

Team Guernsey felt that they improved with every game they played, finishing 5th in the group stage. They then went on to compete for their overall position in the competition, finishing a very creditable 20th out of 29 teams, having come up against both South Africa and China.

Well done to Becca and the team!



GAA Charity Golf Day



BWCI's Golfing Team

BWCI was delighted to be able to support the Guernsey Alzheimer's Association's Charity Golf Day with young golfing star Jayden Tucknott who is sponsored by BWCI.

As well as raising funds for such a good cause, participants had the chance to meet celebrity cricketer, Darren Gough.



Sea swimming is increasingly popular and we were delighted to continue our sponsorship of the Guernsey Swimming Club's Open Castle Charity Swim.

The swim raised a total of £7,500 to be shared between three charities:

- Guernsey Alzheimer's Association
- RNLI
- CI Air Search



Castle Swim
2024



In near perfect conditions, over 700 people set off in shifts to swim across Havelet bay. This year's record number of entrants, all wearing brightly coloured swimming caps, made quite a spectacle as they splashed through the clear blue water.

Photos credited to Ross Yeates.

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Guernsey | PO Box 68, Albert House
South Esplanade, St Peter Port
Guernsey, GY1 3BY
Tel +44 (0) 1481 728432
Fax +44 (0) 1481 724082
Web | www.bwcigroup.com

Jersey | Kingsgate House
55 Esplanade, St Helier
Jersey, JE2 3QB
Tel +44 (0) 1534 880112
Fax +44 (0) 1534 880113
Web | www.bwcigroup.com

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