Bandwagon

The BWCI Group Newsletter

Issue 2
2025

Guernsey Secondary Pensions

Deadline for employers with 1 employee:

1 October 2025

Inside this issue:

- UK DB Pension Schemes
- Mortality update
- Isle of Man Pensions Consultation

BWCI

Welcome
to Bandwagon.

We are now in the final two months of Guernsey's 15-month phasing in period to introduce Secondary Pensions. According to the most recently published data by the States of Guernsey, there were 2,217 employers employing 28,909 people as of June 2024. Each of these employers is required to enrol their Designated Employees into an approbated pension scheme by 1 October 2025. While compliance is compulsory for employers, employees can opt out unless pension scheme membership is compulsory in their contract of employment.

It will be interesting to see the Secondary Pensions take-up rate amongst employees once the information becomes available. In the UK, the latest information released by the Department for Work and Pensions states that the 2024 workplace pensions participation rate amongst eligible employees was 89%, with 82% of all employees (regardless of eligibility) saving into a workplace pension.

2025 Bursary Student

Charlie Forshaw

We are delighted to announce that Charlie Forshaw had been awarded BWCI's 2025 student bursary this year. Our bursary scheme, which has been operating for over 15 years, provides financial support throughout the student's undergraduate studies as well as a minimum of eight weeks' practical work experience each year outside of university term time.

Charlie, who has completed A-Levels in Maths, Further Maths, Economics and Physics with Elizabeth College, is hoping to study Mathematics and Statistics at University.

BWCI's Senior HR Manager, Alison Rimington, said:

“

We were delighted to have so many excellent candidates for this year's bursary award and Charlie's outstanding academic achievements and passion for maths helped secure his placement with us. We very much look forward to supporting him throughout his academic career, not only financially but in also providing essential and relevant work experience to help him bring to life the skills required in a workplace following a period of academic study.

”

Anna Gray
- New BWCI Partner

BWCI is delighted to announce the promotion of Anna Gray to Partner.

Anna joined BWCI in April 2023 and currently sits on the boards of BWCI's fiduciary companies. A pensions lawyer by background, Anna brings her legal skills to overseeing the team that administers some of BWCI's more bespoke pension arrangements. These cover both corporate and personal pension schemes for local and international members.

Anna is also an active supporter of pensions in Guernsey, sitting on the main and technical committees of the Guernsey Association of Pension Providers and acting as Honorary Treasurer.

Anna commented "*I am thrilled by the promotion and very grateful to the BWCI partners for this opportunity. Since I joined BWCI, I've enjoyed immensely working with some truly wonderful colleagues and I very much look forward to working together to build the practice into the future.*"

Anna Gray, Partner

BWCI's Managing Partner, Michael McKay said:

“

We are delighted to welcome Anna to the partnership and look forward to working together to further strengthen our fiduciary team.

”

In addition to Anna, the career progression of 12 other BWCI staff has also been recognised. Further details are provided on page 10 of this Bandwagon.

The *UK Government* breathes new life into *DB pension schemes*

Anthony Brewer
anthony.brewer@bwcigroup.com

"This mind-set change is most definitely now happening"

My article in issue 4 2023 of Bandwagon "Pension surpluses - what now?" ended with the following thought:

"Ultimately a mind-set change may be warranted, as we move from an environment where schemes presented seemingly ever-growing liabilities, as yields fell, to one where they present opportunities to generate value for members and sponsors and even the broader society."

This mind-set change is most definitely now happening in the UK, particularly following the Government's announcement in June of a new Pension Schemes Bill which refocuses the discussion around schemes in surplus. Historically, pensions regulation has made accessing any surpluses in UK Defined Benefit ("DB") schemes challenging, but the new bill intends to overhaul the framework to:

"Allow trustees of well-funded DB pension schemes to release money back to employers and their scheme members, when safe to do so, unlocking some of the £160 billion surplus funds to be reinvested across the UK economy and boost business productivity and deliver for members."[1]

This follows a significant improvement in DB schemes' aggregate funding positions and pension schemes progressing rapidly towards buy-out or wind-up, usually through a buy-out with an insurer. The new bill may see a moderation in the desire to buy-out; critically for the Government, it is intended to stimulate more investment in the UK economy.

Crucially, these developments are not just relevant for using existing surplus - they provide a rationale to use a pension scheme's surplus assets to continue investing and generating more value for employers and members. This may increase the appetite of schemes in the UK to "run on" (ie continue to operate) rather than buy-out. The consequences of the bill may well lead to some DB schemes having a much longer time horizon for discharging their liabilities, than might previously have been thought just a few months ago.

Implications for Channel Island DB schemes

While the UK reforms do not directly apply to Channel Island DB schemes, they may serve as a catalyst for local trustees and sponsors to revisit surplus utilisation strategies. It is worth noting that some flexibilities are already (to some extent, and often scheme-specific) available locally, albeit infrequently used historically.

For the very small schemes, buy-out with an insurer, thereby allowing the scheme to wind-up, is likely to remain a reasonable endgame objective, as a small scheme does not have the scale needed to run-on cost effectively and efficiently. Ultimately, the attrition of on-going costs and uncertainty driven by a very small pool of members may outweigh the value which can be created from the scheme's assets.

However, larger schemes may wish to use the developments in the UK as a springboard to consider the whole range of strategic options. This is something we have already explored with a range of local schemes, some of which are looking to be run-on, and others are looking to buy-out.

The potential use of the surplus from an ongoing scheme needs to be built on collaboration between the trustee and the sponsor, to identify what options are available under the rules and relevant legislation and explore approaches which can release and generate value for both stakeholders.

It remains to be seen whether such actions might also stimulate local investment in the Channel Island economies.

If you would like to explore what options might be available, within your particular DB scheme to utilise surplus, please contact Anthony Brewer (anthony.brewer@bwcigroup.com) or your usual BWCI consultant.

[1] https://bills.parliament.uk/bills/3982

[2] https://www.gov.uk/government/news/20-million-workers-set-to-benefit-from-new-pension-schemes-bill

Mortality
Update

Samantha Smith
samantha.smith@bwcigroup.com

> *we were still seeing some deaths involving Covid 19 in 2024*

A look back at 2024

The headline message is that overall mortality rates observed in England & Wales during 2024 were the lowest on record. They were just slightly below the previous lows observed in 2019, the last year before Covid 19 had such a dramatic impact on the statistics.

While the overall population mortality fell in 2024, a closer look at the underlying data shows a much more mixed picture. A particularly interesting feature to emerge from the Continuous Mortality Investigation's (CMI) analysis of the 2024 data has been the wide variation between the experience of different age groups within the population when compared with the 10 year average death rates observed between 2014 and 2023.

According to information published by the CMI, the 2024 mortality rates amongst younger adults have been adversely affected, whereas the opposite has been observed at higher ages. For example, in the 20-44 age group, mortality rates have been 2% higher than the 10 year average, while in the 75-84 age group, mortality rates in 2024 were 8% lower than the 10 year average. These variations between different age groups, coupled with the dramatic increase in mortality rates during the height of the pandemic in 2020 and 2021, make the projection of future trends in mortality rates challenging, to say the least!

It is also interesting to note that we were still seeing some deaths involving Covid 19 in 2024, with 10,000 registered in England & Wales. The trend is downwards, roughly halving every year with 17,000 Covid-related deaths registered in 2023 and 33,000 in 2022.

What about 2025?

So far, observed mortality in 2025 is slightly lower than up to the same date in 2024. For those who like to keep up to date with the progression of this year's mortality rates, the CMI publishes a series of regular mortality monitoring updates[1].

Future projections

Every year the CMI publishes an updated version of their mortality projections model. Prior to the pandemic years, this annual update would typically include one year's extra data, reflecting the year just gone. However, if the death data in the years following the pandemic had been included, in the same way, it a was felt that it would have had a very significant and disproportionate impact on future projections. To try to address this, the CMI have considered various approaches to dealing with the data from the pandemic years; this has evolved as more post-pandemic years' data became available. The approaches ranged from ignoring the data completely for the Covid years to taking a somewhat arbitrary proportion of it.

The difficulty was that no one knew what the long-term impact of the pandemic might be on mortality rates, so it was not clear how to model it.

The latest projection model, CMI_2024, was released on 30 June 2025 and includes a fundamental change in approach to the treatment of the data from the pandemic years.

Rather than disregarding or giving less weight to the pandemic years, the impact of Covid on death rates is modelled as a spike or "overlay" that starts in 2020 and gradually reduces with time, in a similar way to how the number of deaths attributed to Covid 19 has reduced over time. The starting point is that the impact of the overlay is reduced by half each year; however users of the model can change this half-life if that is felt to better fit their data. A longer half-life would lead to higher projected future mortality rates as the influence of Covid 19 would persist for longer.

Other changes

CMI_2024 also seeks to reflect the general divergence in mortality improvements between different age groups.

[1] https://www.actuaries.org.uk/learn-and-develop/continuous-mortality-investigation/other-cmi-outputs/mortality-monitor

Impact of these changes

The reflection of different rates of mortality improvement in different age groups makes a noticeable impact on the pattern of projected future mortality. Compared to last year's CMI_2023 projections, CMI_2024 projects a fall in mortality rates for the oldest people, but an increase for younger ones.

These changes correspond to higher life expectancies, and hence higher pension scheme liabilities, for say 80-year-olds, but lower liabilities for 40-year-olds. Therefore, if your pension scheme moves from CMI_2023 to CMI_2024 for its next funding calculations, the actual impact on the liabilities will depend on the age profile of the members. Schemes with a younger membership profile may see their liabilities reduce, whereas more mature schemes could well see an increase in their liabilities.

Isle of Man *Pensions Consultation*

Michelle Galpin
michelle.galpin@bwcigroup.com

> *"the proposals go much further than initially anticipated"*

Back in 2018 the Isle of Man Financial Services Authority (IOMFSA) published a discussion document inviting feedback on its intention to enhance the regulatory framework for private pensions and their providers. It received 9 responses and published the feedback document in the second half of 2018, with a further consultation expected to be published in the first quarter of 2019. However, due to a change in regulatory priorities and the impact of the pandemic, this initial timetable has slipped somewhat!

The long-awaited "2019" consultation was finally published in July 2025, with responses required by 15 August, although this has now been extended to 1 September.

It is fair to say that the proposals go much further than initially anticipated back in 2018, with significant changes to the Retirement Benefits Schemes Act 2000 mooted.

What is being proposed?

The intention is to make some fairly substantial changes to the Retirement Benefits Scheme Act 2000 (RBSA00), with some other consequential changes to the Financial Services Act 2008 (FSA08) and the Insurance Act 2008 (IA08).

Much of the detail will be left to secondary legislation, but essentially the key proposals are:

- To bring pension service providers within the scope of business conduct and prudential regulation under the FSA08
- To introduce revised funding requirements for defined benefit schemes, broadly in line with the latest funding regime for UK pension schemes
- To make the regulatory framework more proportionate and move towards a more risk-based approach to supervision

How will it impact pension schemes?

The impact will vary between schemes, depending on how they are currently operated and whether they are covered by any of the, as yet unspecified, exemptions.

Scheme management
It is currently proposed that, unless exempted, pension scheme administrators and any trustee that acts by way of business must hold an appropriate financial service license. Each scheme will need to have at least one licensed trustee.

Governance
Schemes will be required to have in place an effective system of governance.

Trustees and administrators
As well as professional trustees needing to be licensed, all trustees and administrators will be required to have an understanding of the law relating to pensions and trusts, as well as being conversant with the scheme's documentation. The consultation indicates that the degree of knowledge and understanding would be relative to the nature and size of the scheme.

Funding requirements
Since it was first introduced, the RBSA00 has had funding provisions in relation to defined benefit ("DB") schemes, however these were never enacted. The Bill proposes the introduction of an updated and more extensive funding regime, broadly mirroring that of the UK.

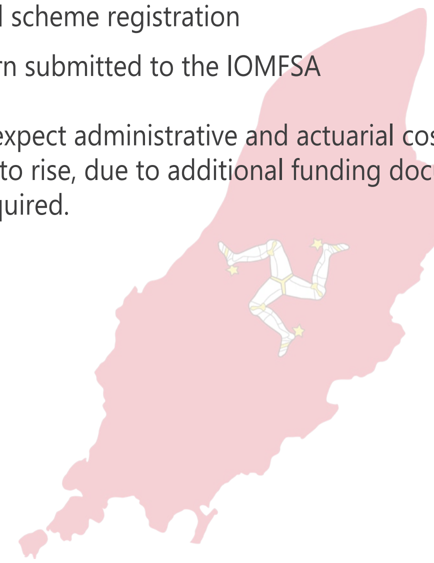
Currently, trustees of DB schemes are already required to have a statement of investment principles and a schedule of contributions. However, unless exempt, if the new requirements come into force, trustees will also need to put in place several new documents:

- A funding and investment strategy
- A statement of strategy
- A statement of funding principle
- Certification of a scheme's technical provisions
- A recovery plan

Costs
It is proposed that the IOMFSA will be able to introduce fees in relation to:

- An application or notice in connection with the registration of a scheme
- Annual scheme registration
- A return submitted to the IOMFSA

We also expect administrative and actuarial costs for schemes to rise, due to additional funding documents being required.



Timetable

The consultation documents include an outline timetable; once the Bill is enacted its provisions will be phased in, starting with the regulation of pension providers from 2028, which is deemed to be the highest priority. The funding requirements for DB schemes would then be phased-in from an unspecified later date.

	Stage	Estimated timescale
1	Draft Bill preparation	H1 2025
2	Consultation on Draft Bill	Q3 2025
3	Implementation of Draft Bill (Legislative process)	Q4 2025 - Q2 2026
4	Develop secondary legislation	Q1 - Q3 2026
5	Consultation on draft secondary legislation	Q4 2026 - Q2 2027
6	Legislative process for secondary legislation	H2 2027
7	Commence implementation of revised regulatory regime	2028

Comments

BWCI has submitted a response to the consultation. We welcome the IOMFSA's intention to move towards a more risk-based and proportionate framework for pension regulation.

We do however have some concerns that the costs of compliance could be substantial, particularly for DB schemes, but the impact will not be known until further details of the exemptions are published. We are likely to have to wait until the consultation on the secondary legislation, which is expected to be 15-18 months away, before the impact on specific schemes will become clearer.

BWCI Promotions

July 2025

In addition to Anna Gray's promotion to partner reported on page 3 of this edition of Bandwagon, BWCI is pleased to announce another bumper year with 12 staff promotions. Within our Pensions Administration team Emma Guilbert, Linda Priede and Enya Rabey have completed their initial training to become Administrators, and Rachel Bihet has been promoted to Senior Administrator.

Helen Marriott, who heads up our client accounting team, has been promoted to Senior Manager.

Within our Actuarial and Consulting teams Rebecca Toll and Tanisha Sharma become Senior Actuarial Trainees as they progress through exams, and Samantha Smith becomes an Assistant Manager. Joseph Bourgaize continues to progress through our in-house training to become a Senior Analyst within our Actuarial Pensions team, and Tasmin Ferguson is promoted to Senior Analyst, within our Island Global Research Business. Finally, promotions within our Insurance Management team include Holly Steele to Manager, and Cleo Rosumek to Administrator.

Debra Smith, BWCI's HR Partner, said:

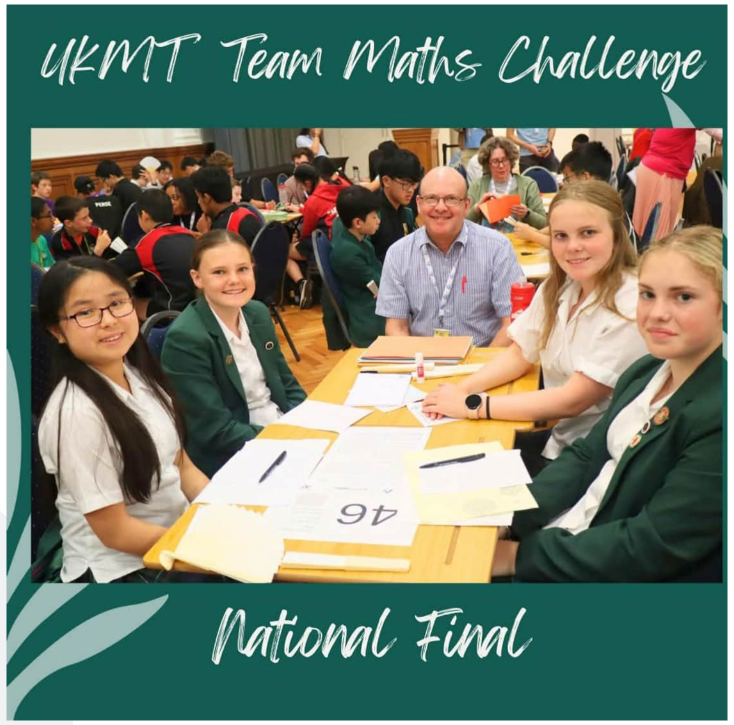
> *What another great year of promotions, again reflecting the hard work and dedication of our team at BWCI.*
> *My congratulations go out to everyone, along with our commitment to your continued growth and support.*

Back row (from left to right): Enya Rabey, Linda Priede, Rebecca Toll, Samantha Smith, Helen Marriott, Joseph Bourgaize, Emma Guilbert, Cleo Rosumek
Front row (left to right): Tanisha Sharma, Tasmin Ferguson, Rachel Bihet, Holly Steele, Anna Gray

UKMT Team Maths Challenge National Final

BWCI was proud to sponsor

The Ladies' College Maths Team



BWCI were proud to sponsor The Ladies College Maths Team on their trip to represent Guernsey at the 2025 UKMT Team Maths Challenge National Final in London!

Held at the prestigious RHS Halls in Westminster, this vibrant celebration of mathematical talent brought together 72 top teams, whittled down from 677 who took part in regional heats across the UK and beyond. The students, accompanied by their maths teacher, did a fantastic job representing Guernsey on the national stage.

The team took on some of the best schools in the UK, as well as several international teams. From problem-solving rounds to creating a beautiful poster on the geometry in plants, their team showed enthusiasm, creativity, and resilience throughout the day.

A huge well done to the mathematicians!

Diary of Events 2025

19-25 OCT — *The BWCI International Chess Festival*

22-23 NOV — *BWCI Camerata Weekend*

GAA *Charity Golf Day*

Guernsey Alzheimer's Association

BWCI's Golf Team with Jimmy Bullard (centre)

BWCI entered a golf team into the Guernsey Alzheimer's Association's Charity Golf Day where they got to meet and have photos with former professional footballer, Jimmy Bullard.

The team consisted of Michael McKay, Alan Cardwell, 18-year old Jayden Tucknott and Paul Robinson from Parish Group. BWCI were pleased to repeat their sponsorship of one of the holes on L'Ancresse Golf Course for this event.

BWCI Mini Soccerfest *at the new...* Victoria Park Stadium!

BWCI MINI SOCCER FEST

What a weekend to remember at the Guernsey Mini Soccer Festival, held at the brand new Victoria Park Stadium! We're proud to have sponsored this brilliant event once again, bringing together strong competition, fun and community spirit.

Teams from Jersey and Alderney travelled over to compete and it was wonderful to see so many young players gaining experience and having fun in such a fantastic atmosphere.

Winners / Final Scores

BWCI Shield
Bels 2-0 St Paul's Yellow

BWCI Plate
Geomarine Rovers 1-0 St Paul's Black

There was a double Sarnian success in the 2025 BWCI Mini Soccer Festival.

Bels emerged triumphant in the BWCI Shield competition, beating St Paul's Yellow from Jersey 2-0 in the final.

Having reached the knockout stages, Bels progressed through the quarter-finals with a 3-0 win over Rihoy North and then edged past Jersey Scottish Navy 2-1 in the semis. St Paul's Yellow came through a penalty shoot-out against the GFA Aztech Academy in their quarter-final before they beat St Martin's by the solitary goal of the game in their last-four tie.

Meanwhile, Geomarine Rovers were victorious in the BWCI Plate competition and they also overcame a St Paul's side in their final, beating the visiting Black team 1-0.

Earlier, the blue-and-whites had beaten Rangers Black 2-0 in the quarter-finals before holding their nerve in a penalty shoot out against Jersey Scottish White in the semi-finals. St Paul's Black's route through the knockout stages saw them overcome both Grand Fort Road clubs as they beat Vale Rec 1-0 in the quarter-finals and North 2-0 in the semis.

A huge thank you to everyone involved for making the festival such a success!

Photos credited to the Guernsey Football Association

Issue 2
2025

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

Jersey Osprey House
5-7 Old Street, St Helier
Jersey, JE2 3RF
Tel +44 (0) 1534 880112

www.bwcigroup.com

A member of Abelica Global

ISO 9001 QUALITY MANAGEMENT

ISO 27001 INFORMATION SECURITY MANAGEMENT

Follow and connect with us on:

BWCI