

Bandwagon

The BWCI Group Newsletter

Issue 3
2025



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Welcome to Bandwagon.

From 1 January 2026, the minimum contribution rate for Guernsey Secondary Pensions will increase by 0.5% to a joint minimum employer/employee contribution rate of 2.5%. We look at the progression of the minimum contribution rate over the next few years on page 5 of this edition of Bandwagon.

We also have a focus on sustainability issues, with a look at the Isle of Man's latest guidance on the risks associated with climate change and nature loss and Guernsey's Financial Services Commission's comments on sustainability reporting.

BWCI Race for Life

Save the Date!
17th May 2026

BWCI is delighted to confirm its title sponsorship of the **BWCI Race for Life** for the next three years, beginning in 2026.

We are partnering with Race for Life founder Dani Barnett. We hope that our support will help the event grow, enabling even more islanders to take part and boost funds for the Guernsey Branch of Cancer Research UK.



Left to right: Dani Barnett, Warwick Helps and Erin Bisson

Erin Bisson, Senior Manager of BWCI's Pensions Consultancy Team, said:

— “ —

Supporting the local community and such a meaningful cause aligns with our values and we're proud to play our part in helping this event continue to inspire and bring people together.

— ” —

The first **BWCI Race for Life** will take place on **Sunday 17 May 2026**. The open, family-friendly event invites everyone, whether they are walkers or runners, to unite in raising vital funds and awareness. We hope to see larger number of participants joining in with this important annual fundraiser for such an important cause.



Plant a tree for 23'

BWCI is delighted to have planted a tree and made a donation to support the Jersey Trees for Life charity following the 2023 Storm Ciaran.

Here is Mike Freer from our Jersey office, planting this 7 year old Nyssa Sylvestris tree in Coronation Park.



Abelica Global Conference

BWCI was proud to take part in this year's Abelica Global Conference in Lisbon. Our team of four attended and presented, contributing to valuable discussions on innovation and collaboration across the Abelica network.



Left to right: Mark Colton, Erin Bisson, Matt Stanbury and Stephen Ainsworth

Guernsey Secondary Pensions

New Minimum Contributions



John Martin
john.martin@bwcigroup.com

“the employers' minimum rate only increases every two or three years.”

The initial stage of the implementation of Guernsey's Secondary Pensions framework is now complete. This required all employers to put in place pension arrangements, satisfying the criteria, for all of their employees who fall within the scope of the legislation.

The 15 month phasing in period commenced on 1 July 2024, for employers with at least 26 employees, and came to an end on 1 October 2025; the deadline for compliance for employers with just one employee.

During this first phase the minimum joint employer/employee contribution rate was 2% of gross earnings. Gross earnings are the same earnings on which social security contributions are payable and include basic salary, bonuses, overtime, commissions, and other relevant earnings, subject to the upper earnings limit for each pay period.

Changes for 2026

We are now moving into the second phase of the transitional arrangements for secondary pensions. This will see the joint minimum contribution rate increase gradually from 2% to 10% by 2032. The first increase comes into effect on 1 January 2026, with the minimum joint employer/employee contribution rate increasing by 0.5% to 2.5%.

The nominal split of these minimum contributions is 1% from the employer and 1.5% from the employee. However, an employer can choose to pay more than 1%, with any additional employer contributions automatically reducing the employee's minimum contribution.

Things to watch out for going forward

Increases in employers' contributions

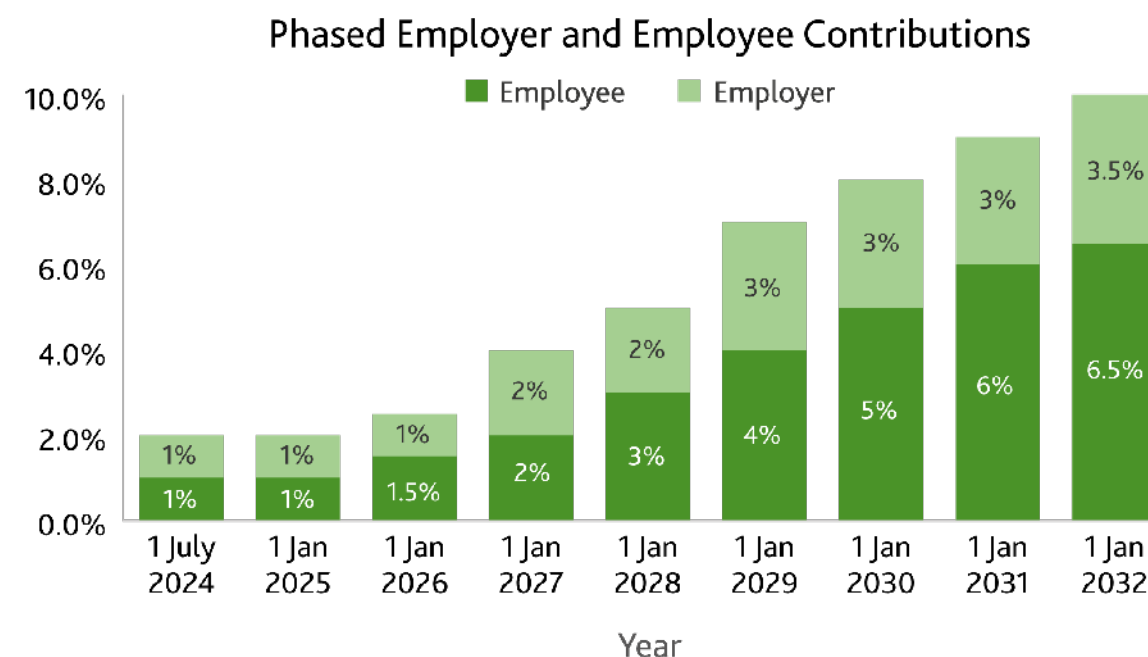
Employers who have only been paying the minimum contribution rate to date will need to take care to ensure that they have updated their processes and procedures to ensure that the joint minimum contribution rate will continue to be met, by increasing the employees' contribution rate to 1.5% for 2026. Unlike the employees' minimum rate, which will increase every year between 2026 and 2032, the employers' minimum rate only increases every two or three years, so there is a risk that it could be overlooked in future, particularly when the first increase in the minimum employer rate comes into effect from 1 January 2027.

Employers' own transitional arrangements

Some employers have opted to pay more than the minimum initial contribution rate, but less than the long-term minimum rate of 10%. In some cases this has been to reduce the initial contribution burden on their employees to encourage pension savings amongst their staff. However, at some point over the next few years, the rate the employer has opted to pay will fall below the minimum joint rate.

For example, if an employer had opted to pay 5% pension contributions from the outset, with no compulsory member contributions, this would satisfy the joint contribution rate up until the end of 2028. However, from 1 January 2029 either the employee would need to start contributing, or the employer would need increase their contribution rate by 2%.

Secondary Pensions - minimum contribution rates



For further details, please contact John Martin
(john.martin@bwcigroup.com).



Distributing Trust assets



Amber Buckingham
amber.buckingham@bwcigroup.com

“there may be
changes in
circumstances”

The trust industry is a well-established part of the finance sector in the Channel Islands. Administered by trustees, a trust provides legal separation and protection of its assets from the settlor's¹ other assets, whilst still enabling the settlor to specify how the trust's assets are to be used.

Types of Trust

Family trusts provide a mechanism to distribute wealth to future generations in accordance with the settlor's wishes.



Life interest trusts grant one or more beneficiaries a right to receive the income from the trust fund or to use the trust property during their lifetime.

Discretionary trusts give the trustee discretionary powers as to when, how much and to which beneficiaries they should distribute the trust's funds.



Financial uncertainty

Whether a trust will be able to achieve the desired purpose in practice will depend on a variety of factors, including future investment returns, the ongoing operating costs of the trust, the number of beneficiaries and how any discretions are exercised.

For example, the value of the future income payments to the trust's beneficiaries cannot be known with absolute certainty in advance. This uncertainty relates to:

- Period of payment - it is impossible to know, at the point of valuation, how long individual beneficiaries will live
- Amount of payments - often payouts are discretionary or increase in line with future changes in an inflation index
- Number of beneficiaries - family trusts often provide for income to future generations, where some of the potential beneficiaries have not yet been born. The number of beneficiaries therefore varies, depending on the timing of future births and deaths.

¹ The person who created the trust

Considering redistribution

After a trust has been set up, there may be changes in circumstances which require its structure to be revisited. This may be at the point where a trust is no longer deemed to be financially viable, when the expenses of running the trust outweigh the potential benefit to the beneficiaries.

In these circumstances, in order for the trustees to decide how a trust's assets will be rearranged or distributed, it is often helpful to seek a valuation of the interests of the relevant beneficiaries; a fair allocation of a family trust's assets should take into account the life expectancies of the beneficiaries and any specific requirements of the trust.

Often a bespoke model needs to be developed to reflect the provisions of an individual trust to project forward the future trust payments. This model can then be used to illustrate the sensitivity to each beneficiary's share of the trust's assets to changes in the modelling assumptions.

How can BWCI help?

Placing a value on future income streams is a key part of the actuarial calculations required to quantify the financial health of a pension scheme. However, similar techniques can be used to value an income stream from a trust.

BWCI has considerable experience in providing bespoke advice as an expert actuarial adviser in relation to life interests and discretionary trusts, including certification of the allocation of the share of assets between beneficiaries in a variety of scenarios.

What information is required?

The information required will depend on the nature of the specific trust but could include:

- in respect of a life interest in a trust property, the market value and rental income of the property at the point the life interest is to be valued;
- in respect of any other income stream, details of how the income stream is determined and any information on the expected rate of return on the trust's assets;
- sufficient information to be able to estimate the life expectancies and number of current and potential beneficiaries (e.g. a family tree, any factors affecting life expectancy);
- the operating costs of the trust.



For further details about the valuation of trusts, please contact **Amber Buckingham** (amber.buckingham@bwcigroup.com) or **Michelle Galpin** (michelle.galpin@bwcigroup.com).

Risk, Resilience and Responsibility

- Climate Change and Nature Loss



Michelle Galpin
michelle.galpin@bwcigroup.com

“embed climate and nature risks into existing risk management frameworks.”

As climate change and nature loss increasingly shape the global financial landscape, the Isle of Man Financial Service Authority (IOM FSA) has issued a comprehensive guidance document aimed at regulated firms, encouraging them to review their risk management strategies to remain resilient and competitive.

What are the risks?

- There are three main types of climate and nature risks:
- **physical risks**, such as extreme weather and ecosystem degradation;
 - **transition risks**, arising from shifts in government policy, technology changes, and consumer preferences; and
 - **litigation risks**, linked to failures in disclosure or poor conduct, such as “greenwashing”.

If a business is not able to say that these risks are well-managed, they could potentially impact creditworthiness, asset valuations, operational continuity or reputational standing.

While each type of risk is challenging to manage in isolation, the greater issue is that they are not independent - they interact and amplify each other. Consequently a holistic approach to risk management is needed in this evolving area.

Double Materiality: A Two-Way Risk Perspective

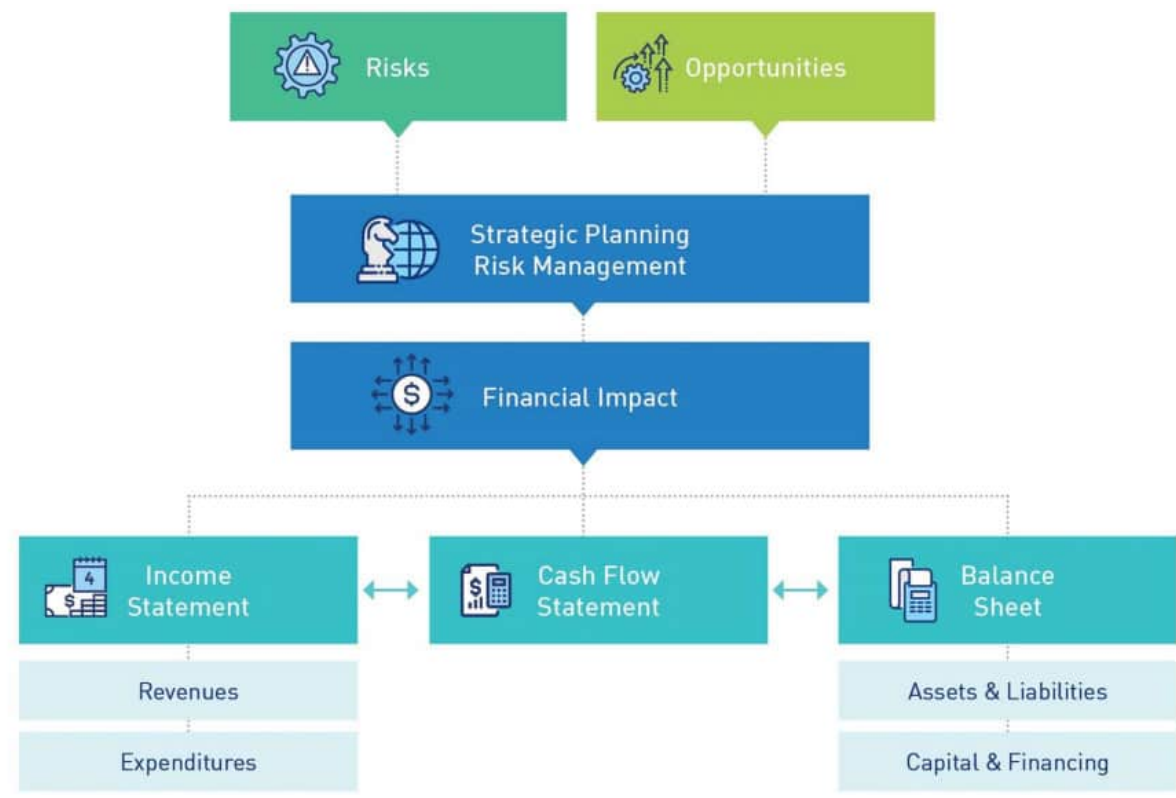
The IOM FSA’s guidance highlights the concept of **double materiality**; it is not just about how climate change could affect a business; it is also about how a business impacts its environment. Therefore, firms should be assessing both the impact of climate change on their operations (“outside-in”) and the effect of their activities on the environment (“inside-out”).

Strategic Oversight

The guidance emphasises that effective governance is central to managing both climate and nature loss risks. Regulated boards should ensure that they either have or have access to the expertise to understand long-term environmental risks and integrate this knowledge into their strategic decision-making. This includes setting clear responsibilities for a business’s senior management, reviewing risk appetites and monitoring performance against sustainability metrics. In turn, the management team should ensure adequate resources and expertise are allocated to the management of climate change and nature loss risk.

Risk Management Frameworks

The IOM FSA emphasises that rather than creating standalone systems, firms are encouraged to embed climate and nature risks into existing risk management frameworks. This involves updating policies and procedures, identifying material exposures, and conducting regular materiality assessments. Sector-specific risk criteria - such as vulnerability to extreme weather or regulatory shifts - can guide firms in tailoring their approach. For banks and insurers, capital adequacy assessments via ICAAP¹ and ORSA² processes are particularly relevant.



Source: Financial Stability Task Force on Climate-related Financial Disclosures

Preparing for Uncertainty

Given the unpredictable nature of climate impacts, scenario analysis is a vital tool. Firms are encouraged to simulate both short- and long-term climate scenarios to test resilience and inform strategic planning. While quantitative models are perceived to be optimal, qualitative narratives can also be useful initially, especially for nature-related risks where data is still emerging. Scenario analysis should consider impacts on liquidity, capital adequacy and the ability of a firm to meet its obligations.

Opportunities in Sustainable Finance

Beyond risk mitigation, climate adaptation presents significant opportunities. The Isle of Man’s Sustainable Finance Roadmap highlights areas for innovation, including green bonds, sustainable insurance products, and energy-efficient mortgages. Captive insurers and insurance special purpose vehicles could have role to play in providing cover for natural catastrophes. Embracing these opportunities can enhance reputation, attract talent, and differentiate firms in a competitive market.

Conclusion

Managing financial risk in the face of climate change and nature loss requires a proactive, integrated approach. Embedding environmental considerations into governance, risk management and strategic planning should help firms to safeguard their operations, as well as helping them to identify emerging opportunities in sustainable finance. The full text of the IOM FSA’s guidance can be found on the IOM FSA’s website; www.iomfsa.im.

¹ Internal; Capital Adequacy Assessment Process

² Own Risk and Solvency Assessment

Sustainability reporting



Mark Colton

mark.colton@bwcigroup.com

“ a laudable
direction of travel ”

Around the world in 80 days

Lovers of Jules Verne's classic will recall how victory was delivered from the jaws of defeat by the gaining of a day as he travelled the globe, crossing the International Date Line ("IDL") from east to west.



Kiribati

The islands of Kiribati could have gone one better. The IDL makes an obliging detour to group the islands together, and the result is the most advanced time zone on Earth, at GMT+14 hours. They have a neighbour on GMT-11 hours, so cross the IDL here and you gain 25 instead of 24 hours!

Look no further, then, if you are interested in unusual tropical holiday destinations. Though you may need to hurry with your booking, because climate change is already running roughshod over this Pacific paradise. This includes biodiversity loss.



Enhancing biodiversity

The Guernsey Financial Services Commission ("GFSC") may not have had Kiribati front and centre of its Enhancing Biodiversity - The Future of Sustainability Reporting in the Bailiwick of Guernsey - A Feedback Paper which considered the responses to the GFSC's July 2024 discussion paper on the topic. However, it is the biodiversity and sustainability concerns, typified by Kiribati, that ought to benefit somehow, at least in principle.

The logic is that sustainability reporting by companies will allow investors to favour the good guys and shun the polluters, and those degrading biodiversity. This is logic that has spectacularly failed under the Trump administration with regard to fossil fuel companies and ESG investment managers. But the US is not the whole planet, and we need to start somewhere if we want to improve our futures.

International Standards

The GFSC's starting point was the International Sustainability Standards Board's "ISSB" two standards. The GFSC's discussion paper asked for responses to a number of questions. These were designed to consider what level of adoption might be appropriate for Guernsey, together with detail relating to Guernsey's profile, its financial sector participants, the role of other reporting frameworks, the likely impact on firms and their clients, and the wider financial sector community.



International Organisation of Securities Commission ("IOSCO")

The ISSB Standards are advisory, but backed by the G20, the Financial Stability Board and IOSCO:

"IOSCO now calls on its 130 member jurisdictions, regulating more than 95% of the world's financial markets to consider ways in which they might adopt, apply or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangements, in a way that promotes consistent and comparable climate-related and other sustainability related disclosures for investors."

Guernsey has always chosen to implement relevant IOSCO standards; another reason to release a discussion document.

Feedback

The feedback received by the GFSC made clear the value of such an exercise. Its 39 responses indicated a feeling that this was a laudable direction of travel, but that careful examination of the reporting landscape required a measured approach. In addition, variations in the speed, nature, and extent of adoption in other jurisdictions were noted.

GFSC Policy Position

The Feedback paper included a statement on the GFSC's policy position, as follows:

"The Commission confirms that supervised entities are permitted to make disclosures in compliance with ISSB Standards on a voluntary basis¹.

The Commission has no plans to implement mandatory sustainability disclosure standards applicable to the regulated financial services sectors in the foreseeable future.

The Commission will continue to monitor international developments and will continue to work alongside Guernsey Finance, the industry and the States of Guernsey to ensure the Bailiwick has voluntary and other sustainability disclosure standards in place which best fit with the international developments and local needs."

Impact

This will likely be welcome news to Guernsey regulated companies which already undertake significant levels of reporting, and must pass on such costs to their clients. It also leaves door open to voluntary reporting.

BWCI was a respondent to the paper, and is a market-leader in sustainability and related pensions investment consultancy. Please get in touch with mark.colton@bwcigroup.com or your usual BWCI contact, if you would like to discuss further.

¹ International Financial Reporting Standards Foundation, Jurisdictional Guide for the adoption or other use of ISSB Standards: <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/adoption-guide/inaugural-jurisdictional-guide.pdf>

BWCI Open Castle Swim 2025

For the 5th year in a row - BWCI was proud to sponsor the BWCI Open Castle Swim for another successful year.

The swim raised funds for three charities:

- Guernsey Welfare Service
- Headway Guernsey LBG
- Dementia Friendly Guernsey



The BWCI Team

This year Patsy Self was awarded the Bill Green Memorial Trophy for being the oldest person to complete the challenge - this was at an inspiring 89 years old!

The support from both the swimmers, volunteers, spectators and the wider community was incredible and that led to much needed funds being donated to our chosen charities.



£2,600 was raised for each of the chosen charities!



22-23
NOV

BWCI Camerata Weekend

7
FEB

Thirst Music School's 'Battle of the School Bands'

17
MAY

BWCI Race for Life

Diary of Events 2025/2026

Jon Southern Padel Tournament



Jon Southern

BWCI is pleased to have sponsored Jon Southern, a Pensions Administration Manager based in our Jersey Office, who was selected to play in the first Annual Anglo-American Padel Cup. The event featured the best padel players in Britain and America across Open and Age Group Divisions for Men and Women.

The inaugural Great Britain v United States annual Padel competition debuted at The Padel Hub in North London from 10th-11th October 2025, with the United States preparing to host in 2026.

In preparation for the event Jon had recently competed in the first International Padel Federation competition held in Jersey and the annual inter-insular against local rivals, Guernsey.

In what was a tense finale to the inaugural Ryder Cup-style competition, Team USA earned this historic victory in the 47th of 48 matches played over the two days.



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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

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



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