



**BULLETIN FOR:**

**Minimum Content of the Information Folder**

**The Financial Services Commission  
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Telephone: (876) 906-3010**

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**MINIMUM CONTENT OF THE INFORMATION FOLDER**

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**LEGISLATIVE REFERENCE:** The Pensions (Superannuation Funds and Retirement Schemes) (Governance) Regulations (the “Governance Regulations”) Regulation 12(3)(a) & (b), 12(6)(g)

The Pensions (Superannuation Funds and Retirement Schemes) (Registration, Licensing and Reporting) Regulations (the “RLR Regulations”) Regulation 13(1)(c), Third Schedule

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**1.0 BACKGROUND**

- 1.01 An Approved Retirement Scheme (“ARS”) provides an avenue for individuals who are self-employed or employed in non-pensionable posts to save towards their pension at retirement. There are multiple ARSs available to the public and the issue of information asymmetry is an important consideration in aiding participants and prospective members in making informed decisions regarding the selection of retirement products that best meet their needs.
- 1.02 Consequently, the pensions legislation stipulates that an Information Folder must be prepared for each ARS disclosing all material facts relating to the ARS. This document must also be provided to all current, prospective and new members.
- 1.03 This bulletin seeks to assist trustees and their agents by elucidating the pertinent information that ought to be incorporated in the Information Folder relating to each of the matters specified in the Third Schedule of the RLR Regulations.

**2.0 LEGISLATIVE REQUIREMENTS: DISCLOSURES AND RELATED TIMELINES**

- 2.01 Governance Regulation 12(1) specifies that all information disclosed to participants, beneficiaries and their representatives must be clear, accurate, complete and timely and where the use of technical jargon is unavoidable it must be accompanied by an explanation in simple language.
- 2.02 Governance Regulation 12(3) outlines the requirement of the trustees of a scheme to make the Information Folder, and any amendments thereto, available to each new member who joins the scheme free of charge. This regulation provides an opportunity for prospective members to read and obtain clarifications about the content of the Information Folder prior to joining the scheme.
- 2.03 Governance Regulation 12(6)(g) places a duty on the trustees of a scheme to make the Information Folder, and any amendments thereto, available to the members within fifteen working days upon receipt of a request for same. This regulation also stipulates that if a fee is to be charged for obtaining copies of this document, then it should not exceed the reasonable cost, as determined by the trustees.

- 2.04 RLR Regulation 13(1)(c) places a duty on the trustees of an ARS to submit the Information Folder to the Financial Services Commission (“FSC”) within one hundred and twenty (120) days after the scheme’s plan year.
- 2.05 The Information Folder prepared by the trustees must include the information specified in the Third Schedule of the RLR Regulations.

**3.0 MINIMUM CONTENT OF THE FOLDER**

- 3.01 Pursuant to the Third Schedule of the RLR Regulations, the Information Folder must include literature covering the following areas:
- (1) Description of the Scheme’s Operation and Investments
  - (2) Fees, Deductions and Expenses
  - (3) Earnings
  - (4) Risks
  - (5) Rates of Return

3.02 Description of the Scheme’s Operation and Investments

The description of a scheme’s operation should include information on contributions, investments, anti-money laundering and other general information to ensure that fulsome disclosure is provided and the trustees’ expectations are clearly established. The following specific information should be provided:

- (i) Contributions – The statutory requirement for annual contributions, pursuant to Section 14(3)(d) of the Pensions (Superannuation Funds and Retirement Schemes) Act (the “Act”), should be stated including the maximum amount a member is allowed to contribute and, where applicable, the minimum contributions of the scheme must be disclosed. The methods by which contributions can be made and how contributions paid by an employer on behalf of a member would be treated should also be stated.
- (ii) Unitization – Where a scheme is unitized, information regarding its operation must be stated, including that contributions are used to purchase units. A description of how the unit price is derived; the frequency of valuation of the units; and where and when the unit price is available for viewing by the members must be disclosed.
- (iii) Investments Funds – This includes the number of investment funds available for selection by prospective and current members, inclusive of the names and description of each type of investment fund, and the associated risk profile. The investment objectives and limitations should be outlined, as well as a brief description of the investment strategy, asset allocation and performance benchmark(s). The intended composition of the portfolio of the scheme according to the class of investments should also be disclosed.
- (iv) Default Options – Where an ARS provides for investment choice, the scheme should establish/identify a default investment fund. A description of the default investment fund or fund allocation should be provided, outlining circumstances under which the contributions of the members may be placed in this fund.

- (v) Switching Costs - Information concerning whether switching is allowed between investment funds, the applicable conditions and the maximum number of switching requests allowed per year and any associated costs should be stated.
- (vi) Derivatives - Where investments in derivatives or structured products are or can be undertaken, the type and characteristics of these products, the purpose of these investments and a warning statement on the likelihood of high volatility should be outlined in bold print.
- (vii) Member Verification – Outline the procedures and documentation required for Know Your Customer screening. Where a person’s membership is being cancelled the folder should disclose the corrective actions that would be taken by the scheme.
- (viii) General – the following information must be included:
  - The FSC’s and TAJ’s registration number of the scheme.
  - Members’ rights under the Master Trust Deed and pension legislation.
  - Eligibility requirements; including avenues for advice available to prospective members and the account opening procedures.
  - Membership participation in terms of voting and selection of trustees.
  - Age of Early, Normal and Late Retirement.
  - Requirements regarding transfers to and from approved retirement schemes or approved superannuation funds.
  - Options available to members upon termination of membership, retirement (early, ill health or late) and death; including the mechanism for payment of benefits.
  - How and where members can lodge a complaint.
  - Name of the auditor.
  - Documents available for inspection and how those documents can be accessed by the members.

3.03 Fees, Deductions and Expenses

The timing and application of fees to members’ accounts, as well as deductions for taxes, management and other expenses must be included. Any changes made during the scheme’s year must be highlighted.

3.04 Earnings

A description of the application of the earnings should be clearly articulated.

3.05 Risks

The management of the portfolio of assets and its associated risks is one of the most important elements of the governance of any pension arrangement. The members of retirement schemes must be aware that the investment risks are totally borne by them, i.e. their accounts will be directly affected by any loss or gain on the assets of the scheme. A brief description of all investment risk should be documented including the measures in place to mitigate these risks.

3.06 Rate of Return

Details of the assets and rates of return should include:

- (i) A statement outlining the list and respective values of the categories of assets and securities in the scheme over the previous five scheme years.
- (ii) A statement outlining the rates of return earned annually and on a time-weighted basis over the five year period immediately preceding the year of review. Please see the illustration in the box below for further guidance.

The time-weighted rate of return can be calculated using the following formula:

The first part of calculating the sub-period return is:

$$\text{Sub-period Return: } SPR = \frac{\text{Ending Asset Value}}{\text{Starting Asset Value} + \text{Cash Flow}} - 1$$

N = Number of subperiod                       $SPR_N$  = Return for subperiod N

Each sub-period return is then linked with the following formula to get the total return:

$$\text{Time-weighted rate of return: } TWR_N = [(1 + SPR_1) * (1 + SPR_2) * \dots * (1 + SPR_N)] - 1$$

- (iii) A statement indicating that past performance is not an indication of future performance.

3.07 In order to ensure that sufficient information is provided, at a minimum, annual reviews should be done by the trustees to determine whether any additional matters pertinent to the scheme should be included in the Information Folder.

Questions regarding this bulletin may be directed to:

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