

INFORMATION FOR PLAN MEMBERS ON THE ANNUAL REPORT OF PENSION PLANS



Introduction

Having an income during retirement is typically provided through private pension plans. In Jamaica pension plans are set up as a trust, which means that the assets are managed by trustees on behalf of the members.

Providing for your retirement involves long term investment. It is essential that a pension plan is run efficiently and the assets invested properly. The Annual Report of a pension plan is an important document which helps members to determine whether their pension plan is properly managed.

Purpose of Booklet

This booklet seeks to:

- provide information on the content and usefulness of the Annual Report;
- inform you of your right to access information regarding your pension plan; and
- increase your awareness of other documents which will be of value in monitoring the performance and management of the pension plan of which you are a member.

The Annual Report

The Annual Report for a pension plan is a report on the financial condition and performance of the plan during a plan year. It can be used to:

- determine the financial health of your pension plan; and
- make you aware of decisions taken and changes in the governance of the pension plan.

Your Rights as a Member

One of the main ways in which the Pensions (Superannuation Funds and Retirement Schemes) Act and its attendant Regulations (the "legislation") protect you as a member is by giving you the right to access a wide range of information and reports on the plan.

For further Information on your right to access information regarding the pension plan of which you are a member, you may refer to the brochure titled "*Protecting You - Disclosure Requirements*".

- At a member's request, the trustees should make the Annual Report available for examination or copying, within 15 days of the date the request was made, (where applicable, the member may be required to pay fees for making copies);
- The Annual Report is however due for submission to the FSC, within 9 months of the plan year end; for example, if your plan has a December year end, the report should be ready by the 30th September of the following year.

Contents of the Annual Report

The Annual Report must contain the following information:

- the operations and performance of the fund or scheme relative to targets;
- the statutory compliance record of the fund or scheme and its trustees;
- the fund's or scheme's governance activities with a summary of the Auditor's and Actuary's reports including the fees and expenses charged against the fund or scheme and members' accounts;
- for a defined benefit plan: the value as at the last actuarial valuation, the funding and solvency ratios, the date of the actuarial valuation, the definition and interpretation of the ratios;
- the amount and type of contributions overdue by more than one month broken down monthly;
- the yield earned on investments of the fund or scheme during the statement period expressed as an annual effective rate;
- the interest rate used to accumulate contributions over the period expressed as an annual effective rate;
- the amount and basis of any benefit adjustments, the source of funds to make those adjustments;
- the financial statements which have been audited where applicable.
- a reminder that Participants, Beneficiaries and their Agents must notify the trustees and the Administrator of any change of information.
- the updated names and contact information for trustees, Administrator, Investment Manager, Auditor, Actuary (if any).

Actuary's Report – an actuarial valuation is an assessment of the financial health of a plan. The Actuary reports on funding and solvency levels by valuing the assets and liabilities at a specified date.

Auditor's Report – an audit is an examination of the financial statements or accounts and records of the plan that enables the Auditor to report on whether the accounts show a true and fair view of the financial dealings of the plan during the plan year.

Things of Significance

The Annual Report highlights among other things:

- who the trustees are;
- the investment performance of the plan;
- the interest rate applied to your contributions;
- whether the plan's assets are diversified;
- the source of benefit adjustments, if any;
- whether monthly contributions are being paid on-time;
- comments from professional advisors;
- changes in the Trust Deed and Plan Rules, if any;
- highlights of activities that took place during the plan year.

Other Documents of Value

To get a more complete picture of your pension plan you should also read:

- your members' handbook;
- the actuarial valuation;
- the financial statements; and
- the statement of investment policies and principles.

The Member's Role

Now that you are aware of your right to access information regarding your pension plan, you should:

- monitor the performance and operation of the pension plan by routinely reviewing the reports; and
- ensure that proper arrangements are in place for your retirement

FSC's Role

We are here to help you understand the legislation and assist with any concerns you may have about your plan. You should however in the first instance direct your queries to the trustees.



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