

# PRIVATE PENSIONS INDUSTRY STATISTICS

JUNE  
2023

## OVERVIEW

### In this report:

- > Private Pensions Industry Overview
- > Investment Mix
- > Operating Statistics
- > Risk Outlook

For the third consecutive quarter, the aggregate value of assets invested in the Jamaican private pension industry grew by a marginal 0.88% to **\$713.80** billion as at June 30, 2023, which is the largest asset value reported for the industry. Notwithstanding the marginal growth in the industry, 458 or 56% of pension plans reported increases in asset values, though this was 41 less pension plans than the previous period (See Figure 1.1). Evidently, the losses were outweighed by the larger subset of pension plans that experienced positive returns. Despite the adverse effects on asset prices associated with the ongoing conflict in Eastern Europe, unfavourable weather events worldwide, and low economic growth rates locally and globally, the Jamaican pension industry has remained resilient, with steady increases in membership (see Figure 1.3) and most pension plans reporting strong solvency positions (see Table 4).

# OVERVIEW (cont'd)

## Key changes over the June 2023 quarter:

- ↑ **PRIVATE PENSION ASSETS • 0.88%**  
JUN 2023: **\$713.80B**, MAR 2023: **\$707.56B**
- ↑ **MEMBERSHIP<sup>1</sup> • 1.52%**  
JUN 2023: **154,411**, MAR 2023: **152,097**
- ↷ **NUMBER OF PLANS<sup>2</sup>**  
JUN 2023: **815**, MAR 2023: **815**
- ↓ **TOTAL PENSION COVERAGE<sup>3</sup> • -1.92%**  
JUN 2023: **11.74%**, MAR 2023: **11.99%**
- ↓ **NUMBER OF PLANS WITH ASSET GROWTH**  
**• -8.22%**  
JUN 2023: **458**, MAR 2023: **499**

Total and active private pension coverage decreased from 11.99% and 11.98% respectively, to 11.74% and 11.72% during the quarter (See Fig. 1.2). Though there was an increase in plan membership for the quarter, this was offset by the growth in the employed labour force reported as at July 2023<sup>4</sup>.

The industry has seen average quarterly growth of 1.64% in assets over the past five (5) years. (See Figure 1.0).

Figure 1.1: Quarterly Returns Reported for Pension Plans

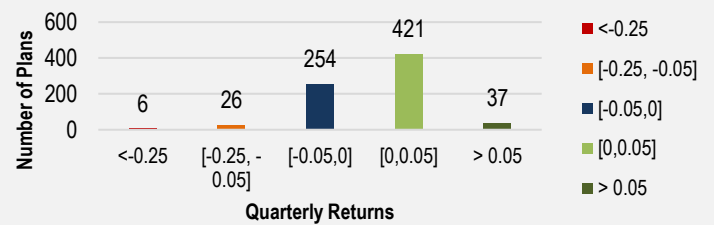


Figure 1.2: Active Pension Coverage in the Jamaican Private Pensions Industry

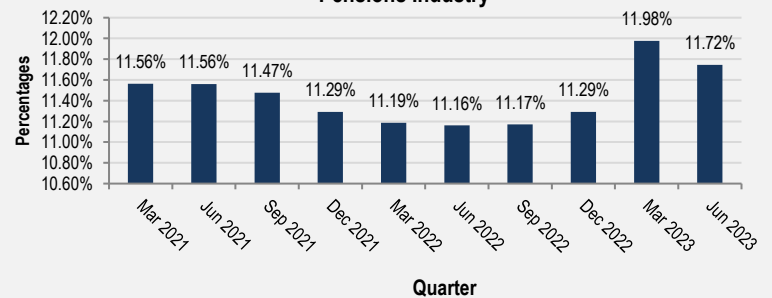
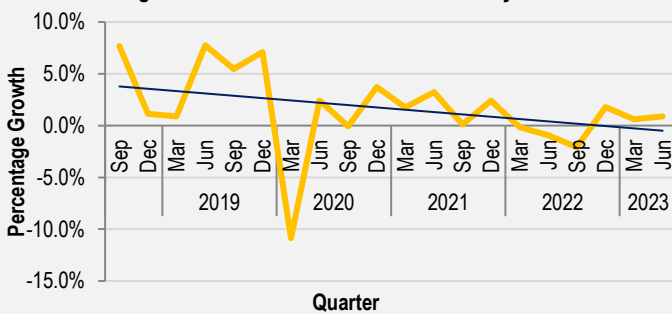
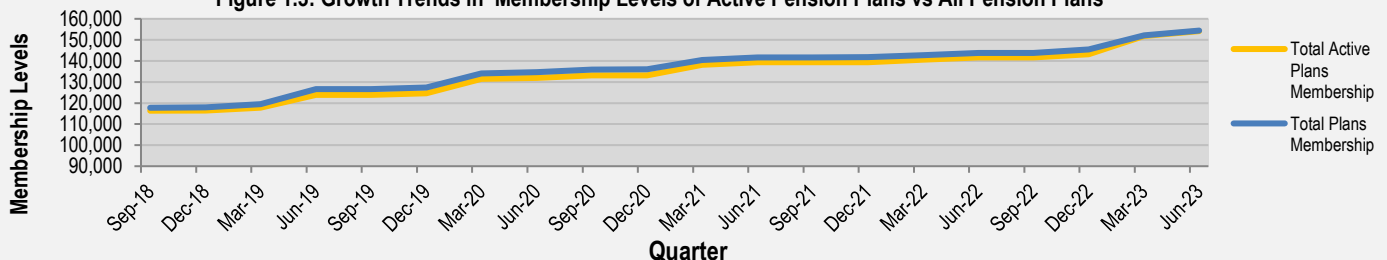


Figure 1.0: Growth Trend of Total Industry Assets



Quarter

Figure 1.3: Growth Trends in Membership Levels of Active Pension Plans vs All Pension Plans



Quarter

<sup>1</sup> This represents membership in all plans.

<sup>2</sup> This number includes pension plans which are active, terminating, and inactive.

<sup>3</sup> This represents pension coverage for all plans.

<sup>4</sup> The Jamaican employed labour force as at July 31, 2023 was 1,315,100 according to the Statistical Institute of Jamaica (<https://statinja.gov.jm/>).

# INVESTMENT MIX

## Private Pension Assets

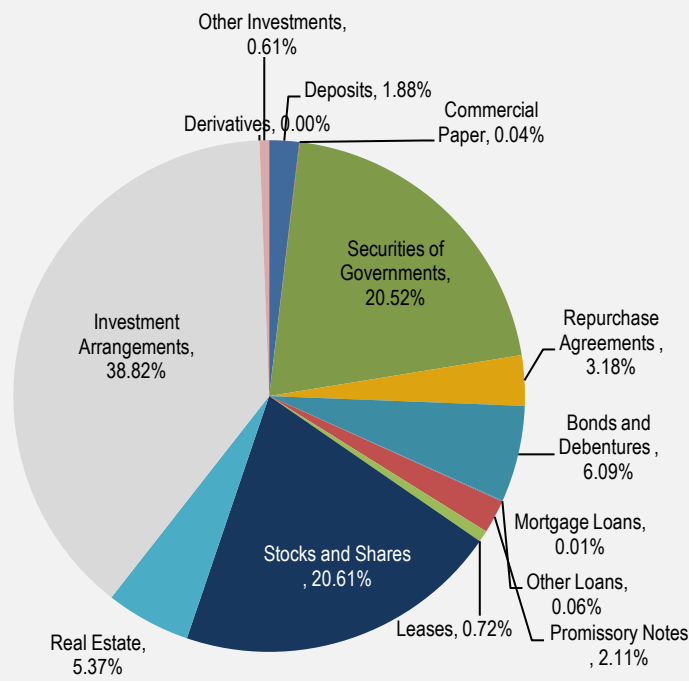
The aggregate investment portfolio for the Jamaican private pensions industry grew by \$6.24 billion during Q2 2023. There was no change in the top three (3) preferred investment classes, as pooled investment arrangements (38.82%), stocks and shares (20.61%), and government securities (20.52%) remained the top three (3) asset allocations despite the value of stock and shares declining by 1.47% or \$2.19 billion. Conversely, investments in government securities recorded the largest increase (1.30% or \$1.87 billion) in value from this group over the quarter. Collectively, these investment classes that represented just under 80% of the portfolio, recorded quarterly and annual percentage changes in assets of 0.27% (or \$1.56 billion) and -1.60% (or -\$9.28 billion), respectively.

Similarly, across the pension investment portfolio, the asset classes that experienced the largest rise in value were other investments and real estate which recorded increases of 14.99% and 9.18%, respectively. The increase in the value of real estate holdings was as a result of property acquisitions during the period. Coupled with the 23.43% annual growth in the value of real estate investments, real estate continues to be a viable investment option for greater diversification and more stable income for pension plans.

There was also a notable 8.66% increase in cash deposits during the quarter. This is the fourth consecutive quarterly increase in deposits and the notable 22.79% (or \$2.48 billion) year-over-year upsurge in value suggests that there are challenges faced by pension plans in reinvesting mature investments as well as new contributions and thereby capitalizing on higher yielding assets.

Notwithstanding the increase in the combined asset value for the portfolio, four (4) of thirteen (13) asset classes experienced a downward movement in value with other loans recording the largest decrease of 29.58% or \$177.73 million attributed to loans maturing during the quarter. Promissory notes had the second largest reduction of 3.69% or \$575.72 million, due to a portion of this debt instrument maturing over the period and the proceeds reinvested in other assets.

Figure 2.0: Allocation of Total Private Pension Assets as at June 30, 2023



### Key changes over the quarter:

- ↑
**TOTAL INVESTMENTS IN OTHER INVESTMENTS • 14.99%**  
**JUN 2023: \$4.32B, MAR 2023: \$3.76B**
- ↓
**TOTAL INVESTMENTS IN OTHER LOANS • -29.58%**  
**JUN 2023: \$423.04M, MAR 2023: \$600.77M**
- ↑
**TOTAL INVESTMENTS IN REAL ESTATE • 9.16%**  
**JUN 2023: \$38.24B, MAR 2023: \$35.03B**
- ↑
**TOTAL DEPOSITS • 8.60%**  
**JUN 2023: \$13.38B, MAR 2023: \$12.32B**

Table 1: Aggregate Investment Portfolio Mix

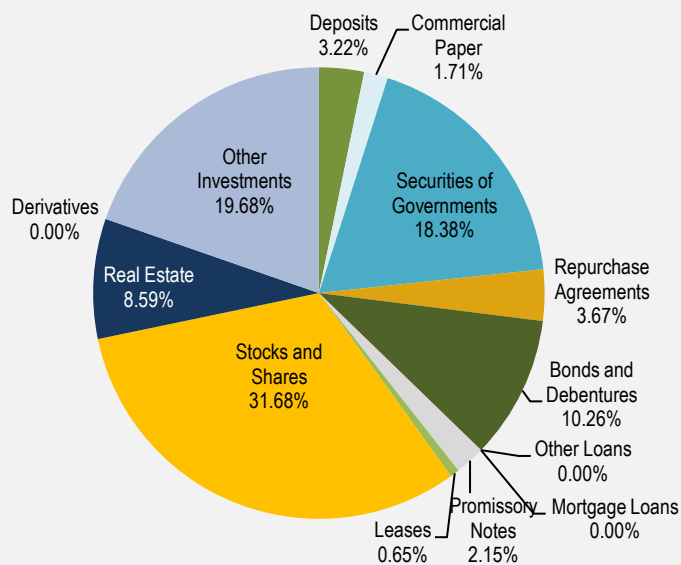
Types of Investment	Amount Invested \$' Millions	% of Total Investments	Amount Invested \$' Millions	% of Total Investments	Quarter over Quarter Growth in Assets	Year over Year Growth in Assets
	30-Jun-23		31-Mar-23			
Deposits	13,384.52	1.88%	12,317.44	1.75%	8.66%	22.79%
Commercial Paper	253.11	0.04%	252.89	0.04%	0.09%	-13.02%
Securities of Governments	146,270.23	20.52%	144,396.28	20.49%	1.30%	1.35%
Repurchase Agreements	22,657.24	3.18%	21,908.26	3.11%	3.42%	4.04%
Bonds and Debentures	43,417.04	6.09%	41,939.97	5.95%	3.52%	8.88%
Mortgage	37.04	0.01%	37.64	0.01%	-1.59%	6.77%
Other Loans	423.04	0.06%	600.77	0.09%	-29.58%	-12.88%
Promissory Notes	15,035.09	2.11%	15,610.81	2.22%	-3.69%	14.55%
Leases	5,145.10	0.72%	5,029.78	0.71%	2.29%	5.38%
Stocks and Shares	146,885.98	20.61%	149,072.62	21.15%	-1.47%	-8.67%
Real Estate	38,243.94	5.37%	35,029.33	4.97%	9.18%	23.43%
Investment Arrangements	276,663.92	38.82%	274,789.41	38.99%	0.68%	0.99%
Derivatives	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	4,321.40	0.61%	3,758.20	0.53%	14.99%	-15.72%
<b>Total Investments</b>	<b>712,737.65</b>	<b>100.00%</b>	<b>704,743.38</b>	<b>100.00%</b>	<b>1.13%</b>	<b>0.87%</b>
Other Net Assets	1,065.93		2,815.39		-62.14%	-205.49%
<b>Total Assets</b>	<b>713,803.58</b>		<b>707,558.77</b>		<b>0.88%</b>	<b>1.16%</b>

## Pooled Investment Arrangements (“PIAs”)

For the quarter ended June 30, 2023, PIAs within the Jamaican private pension industry grew by 0.68% or \$1.87 billion compared with the previous period and a 0.99% or \$2.72 billion increase when compared to the second quarter of 2022. Consistent with previous quarters, the investment portfolio continued to be largely comprised of stocks and shares which accounted for 31.68% of the PIA portfolio and had a value of \$85.61 billion for the period. Other investments<sup>5</sup> which declined in value during the previous period, rebounded to grow by 7.05%, representing the second highest asset value and allocation of \$53.17 billion or 19.68% of the PIA portfolio, respectively over the period. Though government securities experienced the largest decrease of 12.63% over the period, primarily due to maturing government paper, this asset class remained in the top three (3) largest assets within the PIA portfolio amounting to \$49.67 billion which represented an allocation of 18.38%.

Like the previous quarter, commercial paper recorded the largest growth in value of 43.15% and 171.25% over the quarter and one-year period, respectively. This notable increase was due to the redirecting of monies earned mainly from government securities.

Figure 2.1: Allocation of Pension Assets in Pooled Investment Arrangements as at June 30, 2023



<sup>5</sup> Collective Investment Schemes

Key changes over the quarter:

- 
**INDIRECT INVESTMENTS IN COMMERCIAL PAPER • 43.15%**  
 JUN 2023: **\$4.62B**, MAR 2023: **\$3.23B**
- 
**INDIRECT INVESTMENTS IN REPURCHASE AGREEMENTS • 27.76%**  
 JUN 2023: **\$9.91B**, MAR 2023: **\$7.76B**
- 
**INDIRECT INVESTMENTS IN GOVERNMENT SECURITIES • -12.63%**  
 JUN 2023: **\$49.67B**, MAR 2023: **\$56.84B**
- 
**INDIRECT INVESTMENTS IN LEASES • 4.00%**  
 JUN 2023: **\$1.77B**, MAR 2023: **\$1.70B**

Table 2: Pooled Investment Arrangement Portfolio Mix

Types of Investment	Amount Invested \$' Millions	% of Total Investments	Amount Invested \$' Millions	% of Total Investments	Quarter over Quarter Growth in PIAs	Year over Year Growth in PIAs
	Jun-23		Mar-23			
Deposits	8,712.95	3.22%	8,039.89	3.00%	8.37%	19.61%
Commercial Paper	4,619.29	1.71%	3,226.83	1.20%	43.15%	171.25%
Securities of Governments	49,665.24	18.38%	56,844.13	21.18%	-12.63%	-5.65%
Repurchase Agreements	9,913.10	3.67%	7,759.10	2.89%	27.76%	-0.91%
Bonds and Debentures	27,736.71	10.26%	26,770.91	9.98%	3.61%	18.93%
Mortgage	1.01	0.00%	1.03	0.00%	-1.95%	-7.11%
Other Loans	0.00	0.00%	0.00	0.00%	0.00%	-100.00%
Promissory Notes	5,802.49	2.15%	5,680.38	2.12%	2.15%	2.41%
Leases	1,768.72	0.65%	1,700.67	0.63%	4.00%	-64.34%
Stocks and Shares	85,614.17	31.68%	85,578.10	31.89%	0.04%	-4.67%
Real Estate	23,220.14	8.59%	23,056.79	8.59%	0.71%	10.58%
Derivatives	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	53,169.54	19.68%	49,669.92	18.51%	7.05%	4.78%
Total Pooled Investments <sup>6</sup>	270,223.37	100.00%	268,327.74	100.00%	0.71%	1.12%
Other Net Assets	783.88		1,420.47		-44.82%	-33.47%
Other Investment Arrangements	5,656.67		5,041.19		12.21%	2.15%
Total Assets	276,663.92		274,789.41		0.68%	0.99%

<sup>6</sup> Total Pooled Investments describes Type I Pooled Funds and some Deposit Administration Funds.

# OPERATING STATISTICS

## Active Pension Plans

The total asset value for active pension plans reflected a slight increase of 0.91% moving from \$698.85 billion as at March 31, 2023, to \$705.20 billion as at the quarter ended June 30, 2023. Nonetheless, there were no changes in the number of active pension plans which remained at 363 during the quarter. As at June 30, 2023, active pensions plans accounted for 44.53% of all pension plans within the industry. Furthermore, there were 154,160 active members, a 1.52% increase compared with the 151,846 active members in the previous quarter.

## Active Plans by Type

### Defined Benefit (DB) vs. Defined Contribution (DC)

Similar to the previous quarter, active DC plans continued to represent the majority of the Jamaican private pension industry accounting for 69.42% of plans and 73.36% of membership. Moreover, active DC plans membership continued to increase incrementally, recording a 1.40% increase in membership at the end of the quarter. Conversely, membership declined for active Traditional Defined Benefit ("TDB") plans by 0.15%.

TDB plans still managed to dominate the total private pension assets, holding 55.85% or \$394.11 billion of assets in the industry, albeit a marginal reduction of 0.06% or \$247.61 million during the quarter. Active DC plans followed, accounting for \$232.97 billion or 33.04% of total private pension assets meanwhile recording a 2.04% increase in total assets. Similarly, active Hybrid Defined Benefit ("HDB") recorded a 2.85% and 3.82% increase in total assets and membership respectively. There were no changes in membership for active Mixed Defined Benefit ("MDB") plans, however they recorded a 0.16% increase in total assets. (See Table 3)

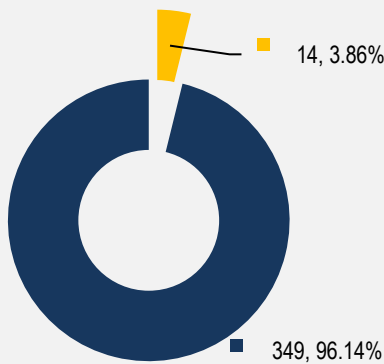
**Table 3: Active Pension Plans by Benefit Type**

	Jun 2023	Mar 2023	Dec 2022
<b>Number of Plans</b>			
Traditional Defined Benefit	82	82	82
Mixed Defined Benefit	4	4	4
Hybrid Defined Benefit	25	25	25
Defined Contribution	252	252	253
<b>Total Active Plans</b>	<b>363</b>	<b>363</b>	<b>364</b>
<b>Membership</b>			
Traditional Defined Benefit	19,111	19,140	19,226
Mixed Defined Benefit	745	745	709
Hybrid Defined Benefit	21,205	20,425	20,681
Defined Contribution	113,099	111,536	102,572
<b>Total Membership</b>	<b>154,160</b>	<b>151,846</b>	<b>143,188</b>
<b>Asset Values</b>			
Traditional Defined Benefit (\$' Millions)	393,869	394,117	395,023
Mixed Defined Benefit (\$' Millions)	8,594	8,581	8,550
Hybrid Defined Benefit (\$' Millions)	69,770	67,835	68,355
Defined Contribution (\$' Millions)	232,970	228,316	222,717
<b>Total Asset Values (\$' Millions)</b>	<b>705,204</b>	<b>698,848</b>	<b>694,646</b>

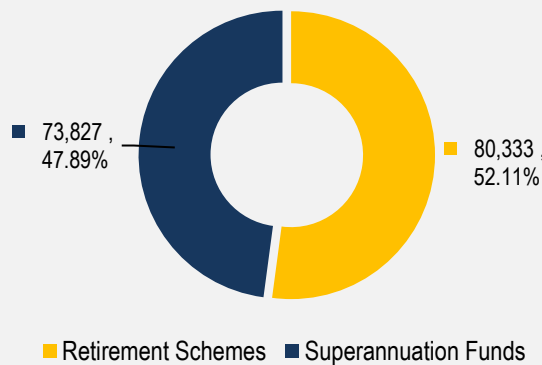
### Superannuation Funds (“SF”) vs. Retirement Schemes (“RS”)

No new plans entered the industry during the quarter, as such the number of SF and RS remained at 349 and 14 respectively. Retirement Schemes recorded a 2.99% growth in assets, surpassing the 0.70% increase recorded by SF, however, the dollar value increase for SF (\$4.44 billion) outweighed that of RS (\$1.92 billion). At the end of Q2 2023, SF accounted for 90.61% or \$638.97 billion of the total private pension assets. Continuing on trend, both SF and RS recorded 0.34% and 2.64% increases in plan membership respectively, contributing to RS’ slight edge over SF to capture 52.11% of total active plan membership in the market. The steady growth in RS membership is promising as it signifies some success in endeavours made by industry participants to enrol more self-employed individuals into private pension arrangements. However, given that these RS members only account for 9.39% of industry assets, it underscores the persistent challenge that some individuals have in allocating more of their residual income towards securing their retirement. (See Figures 3.1 to 3.6)

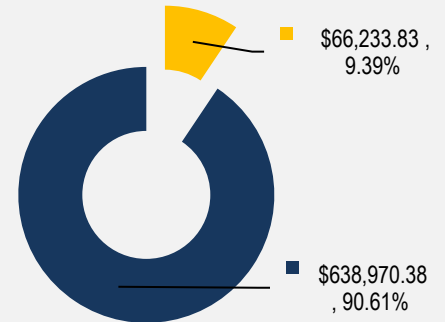
**Figure 3.1: Number of Superannuation Funds vs Retirement Schemes**



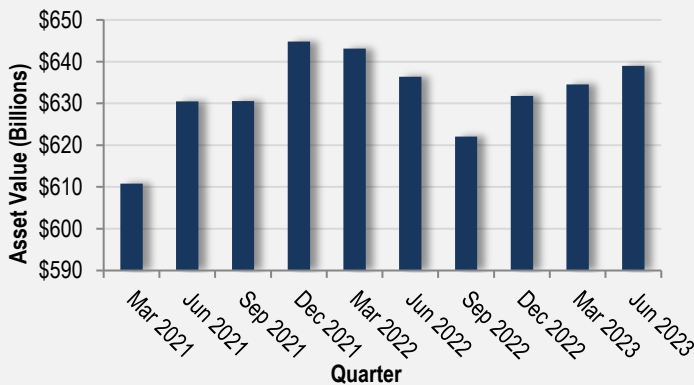
**Figure 3.2: Number of Members in Superannuation Funds and Retirement Schemes**



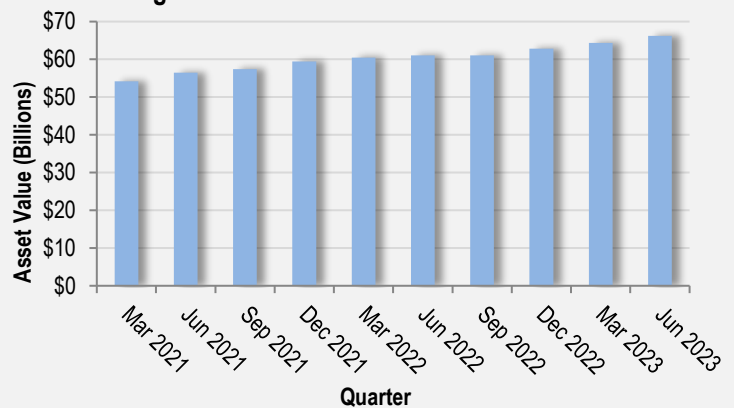
**Figure 3.3: Assets in Superannuation Funds vs Retirement Schemes (\$'Millions)**



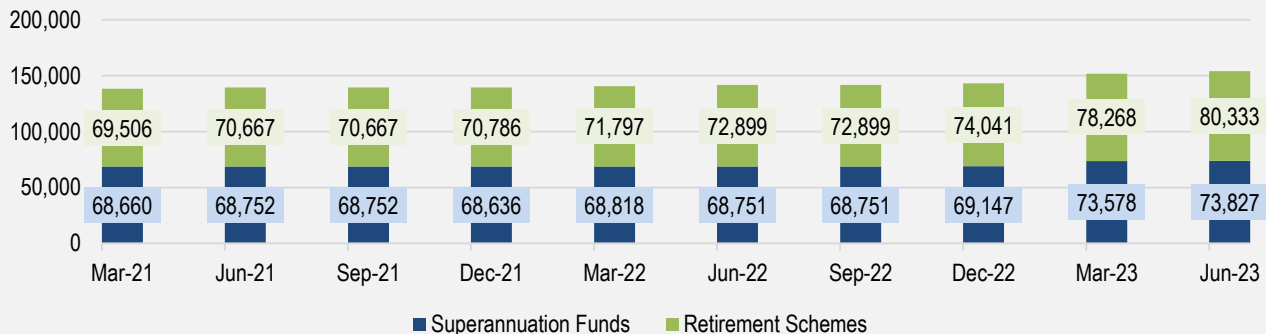
**Figure 3.4: Asset Values for Superannuation Funds**



**Figure 3.5: Asset Values for Retirement Schemes**



**Figure 3.6: Membership Trend for Superannuation Funds and Retirement Schemes**



## Active Superannuation Funds by Industry

For the quarter ended June 30, 2023, pension assets experienced growth across all industries except Charity, Bauxite/Mining, and Utility; these industries experienced declines of 0.27%, 0.80% and 0.67% respectively. The Tourism industry experienced the highest growth in asset value of 3.58% or \$1.24 billion for the quarter, primarily owing to an approximate 20% increase in the value of assets for one of the major pension plans in the industry. This was followed by the Services and Agriculture industries which saw respective increases of 1.78% and 1.67% in asset value. Commerce/Finance remained the industry segment with the highest private pension asset values, of approximately \$238.50 billion or 37.33% of total assets for active SF.

Overall, the Services industry continued to account for the highest number of total plan membership and superannuation funds across all industries with 22,408 members and 108 plans in total. The Commerce/ Finance industry experienced the largest growth in membership for the quarter which was 1.38%, while the largest decrease in plan membership (1.09%) for the June quarter came from pension plans created by sponsors within the Media/Communication industry. (See: Figures 3.6 to 3.8)

Figure 3.7: Percentage of Active Funds by Industry

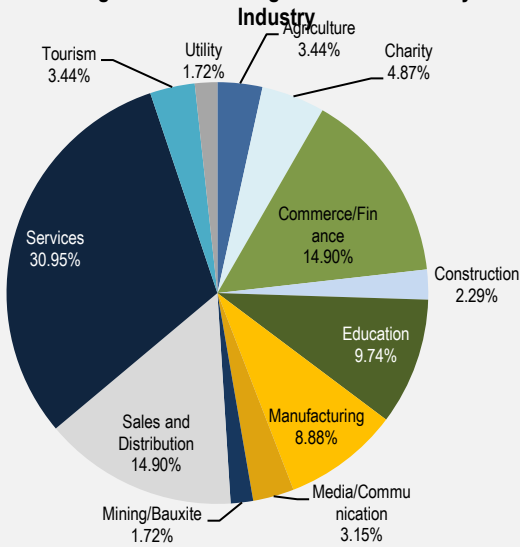


Figure 3.8 : Active Membership in Funds by Industry

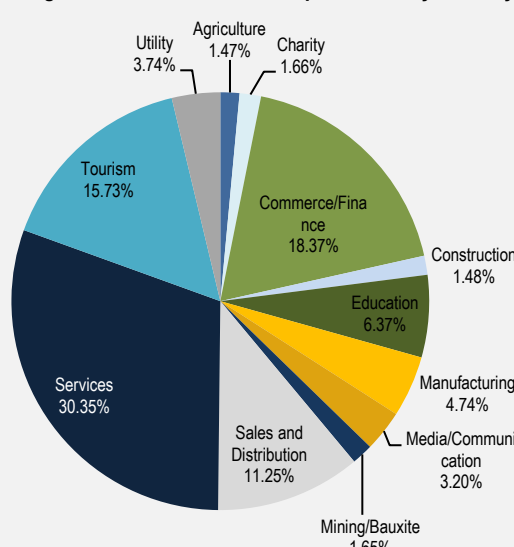
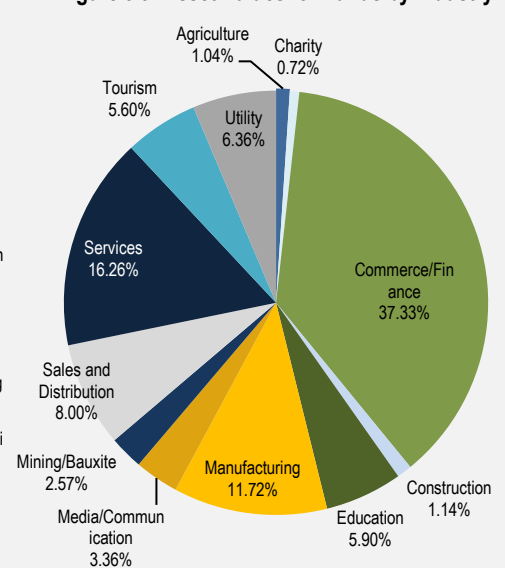


Figure 3.9: Asset Values for Funds by Industry



## Solvency of Active Pension Plans

The FSC received information on the solvency position of 349 active pension plans by June 30, 2023, one (1) more than the previous quarter. A review of the solvency data presented revealed that the number of solvent active plans in the industry decreased to 334. Notably, three (3) of the four (4) new plans reporting insolvency were DC plans continuing the trend where DC plans account for the majority of insolvent plans within the private pension industry. Notwithstanding, the majority of the active pension plans continue to report solvency levels between 100% and 120%.

As the number of insolvent DC plans continue to increase, trustees are reminded that based on the nature of true DC plans where pension benefits (liabilities) are dependent on contributions plus investment gains (assets), insolvent DC plans should not exist in theory. To prevent any further erosion of members' benefits and more plans becoming insolvent, trustees should ensure that adequate oversight is given to the asset liability management of these DC pension plans and ensure that interest credited to members' accounts are commensurate to the net yield earned on the assets purchased by members' contributions.



**Table 4: Solvency of Active Pension Plans**

Plan Year End	Benefit Type	Solvency Level based on AVR & CFR					% of plans which are solvent
		Number of plans	Less than 100%	Between 100% and 120%	Between 120% and 150%	Greater than 150%	
2022	DC	18	3	13	1	1	88.33%
	HDB	0	0	0	0	0	0.00%
	TDB	5	0	0	2	3	0.00%
	MDB	0	0	0	0	0	0.00%
	<b>Total</b>	<b>23</b>	<b>3</b>	<b>13</b>	<b>3</b>	<b>4</b>	<b>86.96%</b>
2021	DC	62	0	51	8	3	100.00%
	HDB	3	0	3	0	0	100.00%
	TDB	23	2	5	7	9	91.30%
	MDB	1	1	0	0	0	0.00%
	<b>Total</b>	<b>89</b>	<b>3</b>	<b>59</b>	<b>15</b>	<b>12</b>	<b>96.63%</b>
2020	DC	85	2	60	20	3	97.65%
	HDB	3	1	2	0	0	66.67%
	TDB	25	0	8	8	9	100.00%
	MDB	2	0	1	1	0	100.00%
	<b>Total</b>	<b>115</b>	<b>3</b>	<b>71</b>	<b>29</b>	<b>12</b>	<b>97.39%</b>
2019 and earlier	DC	89	5	62	14	8	94.38%
	HDB	3	0	2	0	1	100.00%
	TDB	29	1	7	9	12	96.55%
	MDB	1	0	1	0	0	0.00%
	<b>Total</b>	<b>122</b>	<b>6</b>	<b>72</b>	<b>23</b>	<b>21</b>	<b>95.08%</b>
<b>OVERALL</b>		<b>349</b>	<b>15</b>	<b>215</b>	<b>70</b>	<b>49</b>	<b>95.70%</b>

## Inactive and Terminating Pension Plans

There were no movements in the number of terminating and inactive plans during the quarter. Total membership also remained unchanged for both inactive and terminating plans with plan membership totalling 53 and 198 respectively. However, both plan categories experienced a decrease in asset value for the quarter. Inactive plans saw a decline of 3.55% in asset value ending at approximately \$238.08 million, while terminating plans experienced a 1.21% decline in asset value from \$8.46 billion in the previous quarter to \$8.36 billion for the quarter as the basic liabilities and surplus payments to terminating participants continue. (See: Tables 5 and 6)

**Table 5: Inactive Pension Plans by Benefit Type**

	Jun-23	Mar-23	Dec-22
<b>Number of Plans</b>			
Defined Benefit	3	3	3
Defined Contribution	13	13	13
<b>Total Inactive Plans</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Membership</b>			
Defined Benefit	0	0	1,655
Defined Contribution	53	53	53
<b>Total Membership</b>	<b>53</b>	<b>53</b>	<b>1,708</b>
<b>Asset Values</b>			
Defined Benefit (\$' Mil)	174	182	186
Defined Contribution (\$' Mil)	63	64	65
<b>Total Asset Values (\$' Mil)</b>	<b>238</b>	<b>247</b>	<b>251</b>

**Table 6: Terminating Pension Plans by Benefit Type**

	Jun-23	Mar-23	Dec-22
<b>Number of Plans</b>			
Defined Benefit	105	105	105
Defined Contribution	333	333	330
<b>Total Terminating Plans</b>	<b>438</b>	<b>438</b>	<b>431</b>
<b>Membership</b>			
Defined Benefit	79	79	200
Defined Contribution	119	119	382
<b>Total Membership</b>	<b>198</b>	<b>198</b>	<b>582</b>
<b>Asset Values</b>			
Defined Benefit (\$' Mil)	4,150	4,207	4,259
Defined Contribution (\$' Mil)	4,211	4,256	4,041
<b>Total Asset Values (\$' Mil)</b>	<b>8,361</b>	<b>8,463</b>	<b>8,300</b>

## Investment Managers

As at June 30, 2023, there remained 25 investment managers within the private pension industry. This consisted of fifteen (15) Securities Dealers (“SDs”), two (2) Life Insurance Companies (“LICs”), two (2) credit unions and six (6) other IMs. With the two (2) licensed credit unions having no funds under management (“FUM”), the industry’s total assets were split among the remaining IMs with SDs managing over 55% (\$393.81 billion). Notably, all categories of IMs reported an increase in FUM with other IMs accounting for the largest increase of 3.67%. This is in stark contrast to the prior quarter where other IMs were the only IMs to experience a decline in FUM. Despite the overall growth experienced by all IMs with FUM, total assets increased marginally by 0.88%. (See Figure 3.10 and Table 7).

Figure 3.10: Investment Managers' Share of Market Assets

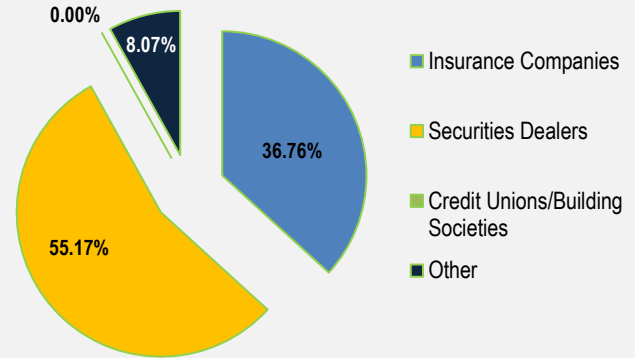


Table 7: Total Assets under Management of Investment Managers

Investment Managers	Number of Entities Jun 2023	Asset Values Jun 2023 (\$'Millions)	Number of Entities Mar 2023	Asset Values Mar 2023 (\$'Millions)	Number of Entities Dec 2022	Asset Values Dec 2022 (\$'Millions)
Insurance Companies	2	262,385	2	260,333	2	258,543
Securities Dealers	15	393,813	15	391,661	15	387,878
Credit Unions	2	-	2	-	2	-
Other	6	57,605	6	55,564	6	56,781
<b>Total</b>	<b>25</b>	<b>713,804</b>	<b>25</b>	<b>707,559</b>	<b>25</b>	<b>703,202</b>

## RISK OUTLOOK

The Statistical Institute of Jamaica (“STATIN”) reported that Real Gross Domestic Product in the Jamaican economy increased by 2.3% during Q2 2023. The economy is expected to continue experiencing growth as the Planning Institute of Jamaica (“PIOJ”) anticipates improved performances from several industries, as well as a strengthening in business confidence and continued recovery of the global economy. Despite the improved conditions projected locally, weak growth rates have been forecasted by the International Monetary Fund for 2023 and 2024 globally and could be further slowed by adverse weather conditions worldwide, negative effects of the ongoing conflict in Eastern Europe, and tighter monetary policies by central banks. Consequently, this could lead to continued incremental growth in private pension investments.

The Bank of Jamaica (“BOJ”) disclosed that as at June 2023, annual inflation was 6.3%, exceeding the targeted range of 4% to 6%. The BOJ estimates that the higher than targeted rate is due to higher agricultural prices, education costs, oil prices and wage pressures. Despite exceeding the targeted rate, inflation is still below the peak rate of 11.8% recorded in April 2022. Further, inflation has since decreased to 5.9% as at September 2023. It is paramount that inflation continues to remain below the targeted rate especially for members of DC plans, as higher inflation levels will erode the value of members’ retirement savings while lowering their income replacement ratios and posing a difficulty for members to attain a livable pension upon retirement. To mitigate this risk, members are encouraged to increase their voluntary contributions where possible and contribute the maximum amount as stipulated by law. In addition, IMs should ensure that the portfolios of the various plans that they manage are diversified and rebalanced appropriately to attain maximum returns on investment.

According to STATIN, as at July 2023, there was a total of 1.32 million persons employed within the Jamaican labour force which represented the highest employment level ever recorded. Despite higher employment levels, pension coverage reduced by 1.92% as at June 2023 when compared to the previous quarter. This could be due to the fact that the occupation group that accounted for the largest increase in the labour force according to STATIN was the “Elementary Occupations”<sup>7</sup>, and the industries that fall within this group account for the smallest percentage of pension assets as well as participation. Furthermore, individuals working in these sectors typically earn less money and consequently less disposable income, which lowers their ability to contribute to a pension arrangement. As a result, their share of private pension assets is the smallest. Notwithstanding the history of unequal gains in plan membership to rises in employment levels, the FSC encourages industry stakeholders to maintain their efforts to raise awareness of the importance of retirement saving within the Jamaican society. This may include targeted campaigns on growing industries to attract new membership in RS and encouraging consistent and/or increased annual contributions to those personal pension arrangements.

During the quarter the JSE combined index declined in value from 350,166.76 points to 346,282.53 points, representing a marginal reduction of 1.11%, 0.36% less than the reduction experienced by investments in stock and shares within the private pension industry. Notably, over the financial year, the economy has experienced fluctuating interest rate adjustments which has increased the volatility within the markets and have led to fixed income assets becoming more attractive to investors. This has also been reflected within the pensions industry as investments in equities as at June 2023 continued declining just as in previous quarters, and investments in fixed income assets such as repurchase agreements, bonds and debentures have seen an uptick in investments. With this in mind, IMs and trustees are encouraged to continue to closely monitor the markets’ performance and rebalance portfolios where necessary so as to mitigate any potential downside risks.

## SUMMARY

The Jamaican pensions industry demonstrated stable performance over the quarter as asset values reached its highest level ever, amounting to \$713.80 billion. Despite this positive outcome, there remain prospects for improvement as the level in asset value experienced may have been largely influenced by the rise in FUM at the disposal of IMs via the growth in plan membership over the period, and not necessarily due to IMs utilizing more innovative and efficient investment approaches in order to better secure the best investment returns for plan members. Additionally, total private pension coverage fell from 11.99% to 11.74% for the quarter due to the growth in the employed labour force exceeding the increase in plan membership.

Trustees are reminded to continue their efforts in closely monitoring, diversifying, and rebalancing plan portfolios, to ensure that the plan’s investments are reflective of the developments occurring in the market, thereby properly safeguarding the benefits of members. The FSC continues to partner with all industry stakeholders to protect all members and beneficiaries within the Jamaican private pension industry.

<sup>7</sup> Jobs that involve simple and routine tasks which may require the use of hand-held tools and considerable physical effort.