



# PRIVATE PENSIONS INDUSTRY STATISTICS

JUNE  
2024

## OVERVIEW

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As at June 30, 2024, the total value of assets invested in the Jamaican private pensions industry was **\$765.44 billion**, representing a quarter over quarter increase of 0.98%. This represents the second consecutive decline in growth rate since the 3.19% growth in December 2023, following March 2024 quarter's growth of 1.64%. Growth for this quarter can be attributed to the 562 pension plans that reported growth in assets ranging from slightly above 0.00% to 34.47%, reflecting 104 less plans than the previous quarter (See Figure 1.0). The number of solvent active pension plans remained the same during the quarter, however, there were more plans reporting higher solvency positions over the last inter-valuation period.

Overall, the Jamaican pension industry was fairly resilience despite local and global economic challenges and geopolitical tensions. Given the beginning of lowering policy rates, growth potential is expected to increase.

# OVERVIEW (cont'd)

## Key changes in the industry over the June 2024 quarter



PRIVATE PENSION ASSETS • 0.98%  
2024 Q2: **\$765.44B**, 2024 Q1: **\$758.02B**



MEMBERSHIP<sup>1</sup> • 0.50%  
2024 Q2: **164,775**, 2024 Q1: **163,958**



NUMBER OF PLANS<sup>2</sup>  
2024 Q2: **814**, 2024 Q1: **814**



NUMBER OF ACTIVE PLANS<sup>2</sup>  
2024 Q2: **359**, 2024 Q1: **359**



PENSION COVERAGE<sup>3</sup> • - 0.53%  
2024 Q2: **11.58%**, 2024 Q1: **11.64%**

At the end of June 2024, both total and active pension coverage decreased from 11.66% and 11.64% to 11.60% and 11.58%, respectively. This decline was primarily due to a marginal increase in total membership despite a rise in the number of employed persons in the labour force<sup>4</sup>. (See figures 1.2 and 1.3)

For the June 2024 quarter, of the 814 pension plans, 741 held assets. Further, of these 741 pension plans, 562 or 75.84% reported a quarterly increase in assets, whereas 179 or 24.16% reported a decline. Furthermore, the industry has recorded average quarterly growth of 1.12% in private pension assets over the past five (5) years. (See Figures 1.0 and 1.1).

Figure 1.0: Quarterly Returns on Total Assets of Pension Plans

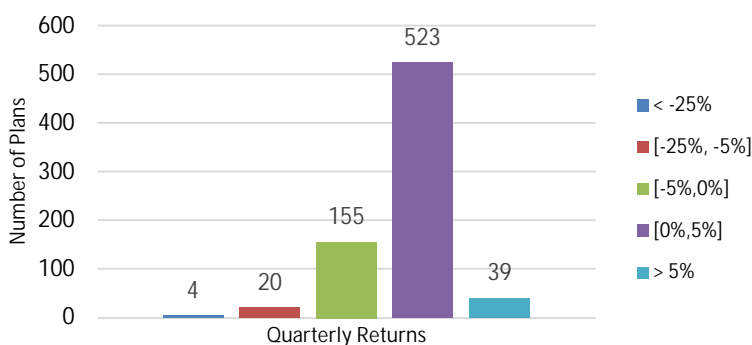
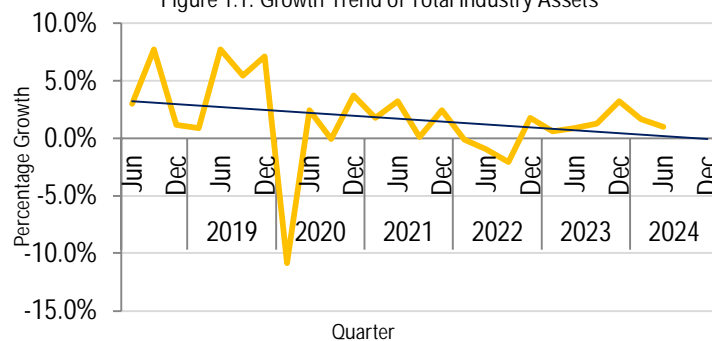


Figure 1.1: Growth Trend of Total Industry Assets



<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 active plans only. The 12.40% figure for 2024 Q1, reflected in the March 2024 report, was based on October 2023 employed labour force as indicated in that previous report. The figure was revised to be more up-to-date and comparable.

<sup>4</sup> According to the Statistical Institute of Jamaica, the Jamaican employed labour force was 1,405,700 as at March 31, 2024, and 1,420,300 as at June 30, 2024 (<https://statinja.gov.jm/>).

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

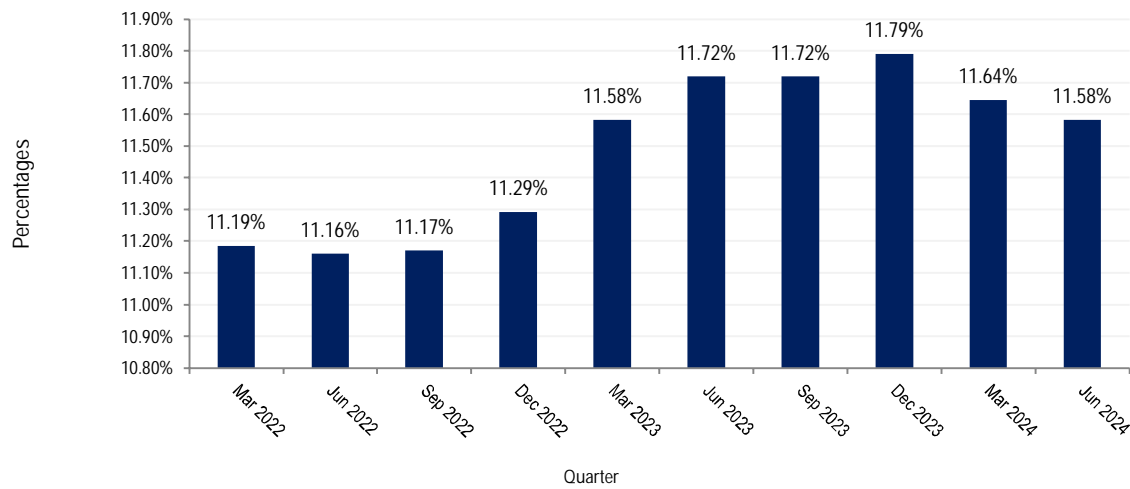
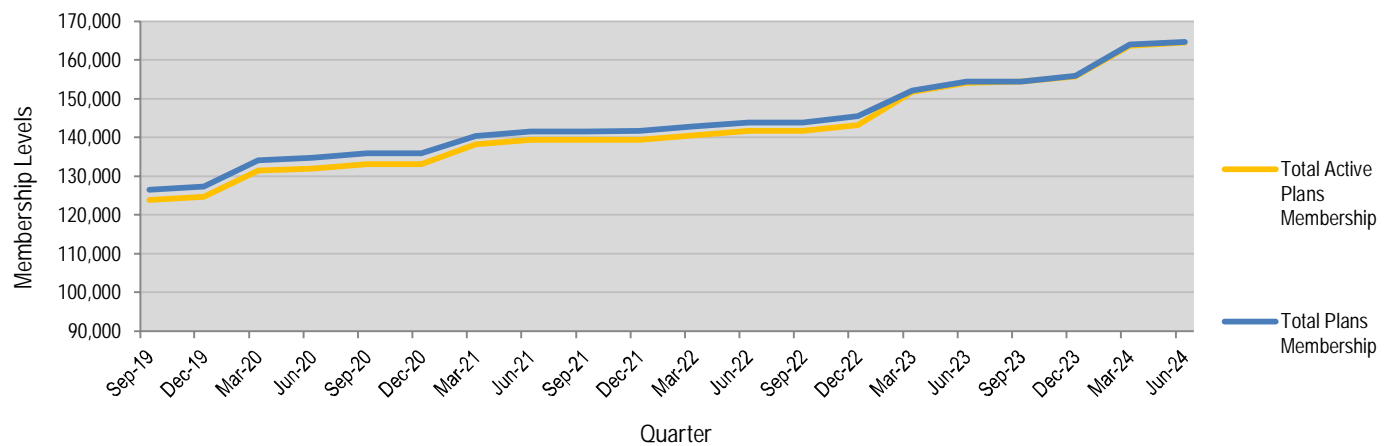


Figure 1.3: Growth Trends in Membership Levels of Active Pension Plans vs All Pension Plans



# INVESTMENT MIX

## Private Pension Assets

Total private pension assets continued its quarterly growth trend since December 2022; however, the growth rate slowed for the second time since the March 2023 quarter. This decline in the growth rate from 1.77%<sup>5</sup> in March 2024, to 0.97%<sup>6</sup> in June 2024 may have been largely influenced by a decrease in the growth of investment asset values for the top three asset classes and real estate when compared to the previous quarter. Since March 2015, Investment Arrangements ("IA"), Government of Jamaica ("GOJ") securities, and Stocks and Shares (See figure 2.0) have been the top three investment classes for the pension industry and have all reported marginal to moderate levels of growth as reflected in Table 1.

During the June 2024 quarter, eight (8) asset classes within the aggregate pension portfolio appreciated in value – GOJ (2.67%), Other Investments (2.66%), Deposits (2.49%), Real Estate (2.13%), IA (1.22%), Other Loans (0.37%), Bonds and Debentures (0.23%), and Stocks and Shares (0.11%). Notably, the Stocks and Shares asset class saw a marginal improvement despite the declining JSE stock indices<sup>7</sup> during the same period. This may be due to a diversified equity portfolio. Additionally, the growth of Deposits during the June 2024 quarter declined when compared to the last quarter-over-quarter increase of 6.34%<sup>8</sup> (as at March 2024). This is indicative of decreased liquidity but also suggests relatively high potential investment returns. The elevated interest rate environment within the economy during the period continued to hinder asset growth within the pension portfolio. This is evidenced in the continued poor performance of the Jamaica stock market.

### Key Changes over the Quarter in the Aggregate Investment Portfolio Mix:



**TOTAL OTHER INVESTMENTS • 2.66%**  
2024 Q2: \$3.55B, 2024 Q1: \$3.46B



**TOTAL SECURITIES OF GOVERNMENTS • 2.67%**  
2024 Q2: \$164.00B, 2024 Q1: \$159.73B

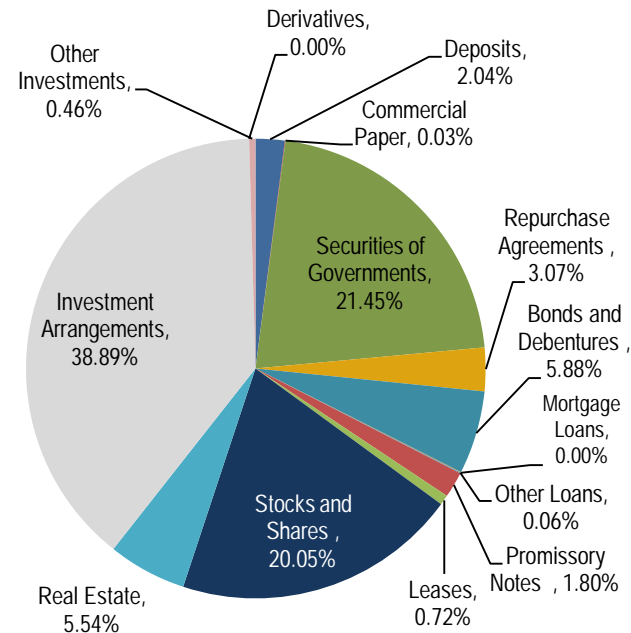


**TOTAL COMMERCIAL PAPER • -8.06%**  
2024 Q2: \$232.13M, 2024 Q1: \$252.49M



**TOTAL PROMISSORY NOTES • -8.88%**  
2024 Q2: \$13.77B, 2024 Q1: \$15.11B

Figure 2.0: Allocation of Total Private Pension Assets as at June 30, 2024



<sup>5</sup> The March 2024 quarterly growth rate is revised downwards from the 2.26% reported in the March 2024 report to 1.77%. This was due to revisions to figures in statutory filings.

<sup>6</sup> This growth of 0.97%, which focuses on the investment mix portion that excludes Other Net Assets (payables, receivables, etc) should not be confused with the growth of 0.98% for the overall movement.

<sup>7</sup> JSE Combined Index (-2.56%), JSE All Jamaican Index (-2.83), JSE US Equities Index (-4.50%), JSE Main Index (-2.71%), JSE Junior Index (-0.85%)

<sup>8</sup> Revised downwards from the figure reported in the March 2024 report

Table 1: Aggregate Investment Portfolio Mix<sup>9</sup>

Types of Investment	Amount Invested \$'Millions	% of Total Investments	Amount Invested \$' Millions	% of Total Investments	Amount Invested \$'Millions	% of Total Investments	Quarterly Growth in Asset Classes	Annual Growth in Asset Classes
	Jun-24		Mar-24 <sup>10</sup>	Jun-23				
Deposits	15,574.22	2.04%	15,195.11	2.01%	13,384.52	1.88%	2.49%	16.36%
Commercial Paper	232.13	0.03%	252.49	0.03%	253.11	0.04%	-8.06%	-8.29%
Securities of Governments	163,999.79	21.45%	159,728.19	21.10%	146,270.23	20.52%	2.67%	12.12%
Repurchase Agreements	23,469.25	3.07%	24,223.81	3.20%	22,657.24	3.18%	-3.11%	3.58%
Bonds and Debentures	44,921.46	5.88%	44,817.22	5.92%	43,417.04	6.09%	0.23%	3.47%
Mortgage	34.20	0.00%	34.98	0.00%	37.04	0.01%	-2.25%	-7.68%
Other Loans	487.76	0.06%	485.95	0.06%	423.04	0.06%	0.37%	15.30%
Promissory Notes	13,766.04	1.80%	15,106.79	2.00%	15,035.09	2.11%	-8.88%	-8.44%
Leases	5,514.06	0.72%	5,547.85	0.73%	5,145.10	0.72%	-0.61%	7.17%
Stocks and Shares	153,283.29	20.05%	153,111.72	20.22%	146,885.98	20.61%	0.11%	4.36%
Real Estate	42,336.35	5.54%	41,452.13	5.48%	38,243.94	5.37%	2.13%	10.70%
Investment Arrangements	297,247.59	38.89%	293,667.18	38.79%	276,663.92	38.82%	1.22%	7.44%
Derivatives	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	3,551.23	0.46%	3,459.17	0.46%	4,321.39	0.61%	2.66%	-17.82%
Total Investments	764,417.36	100.00%	757,082.59	100.00%	712,737.65	100.00%	0.97%	7.25%
Other Net Assets	1,018.46		917.75		1,065.93		10.97%	-4.45%
Total Assets	765,435.82		758,000.34		713,803.58		0.98%	7.23%

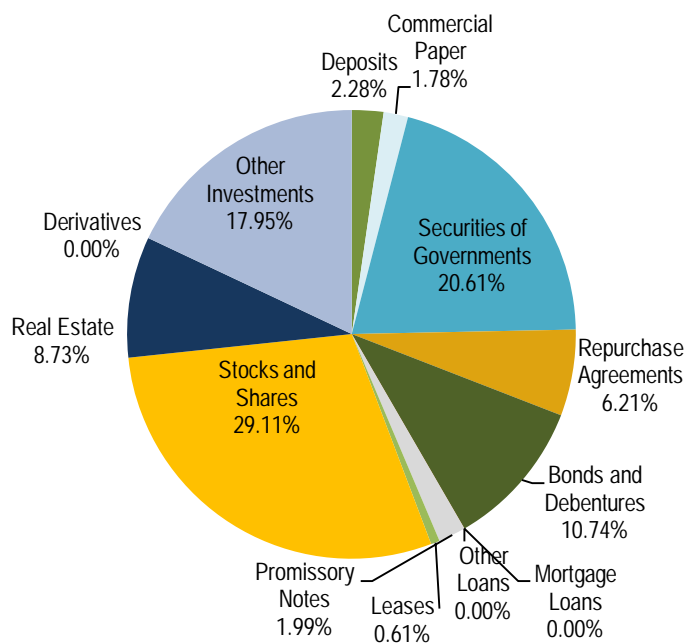
<sup>9</sup> Note: Total figures and growth rates may not be exact due to rounding errors.<sup>10</sup> March 2024 figures slightly revised from those reported in the March 2024 report

## Investment Arrangements (“IAs”)

IAs, which are made up of Type I Pooled Funds, Type II Pooled Funds and Deposit Administration Funds, experienced a marginal gain of \$3.58 billion, or 1.22%, over the quarter ended June 30, 2024. Notably, the growth in the IA portfolio marginally improved from the March quarter-over-quarter growth of 1.35%<sup>11</sup> to 1.52% for the quarter ended June 2024. This movement is primarily driven by increases in assets within the IAs portfolios with respect to Repurchase Agreements and Securities of Governments.

Figure 2.1 illustrates the asset allocation within the IAs portfolio. Similar to the previous quarter, the top three IA classes for the current quarter grew marginally as shown in Table 2. The largest quarter-over-quarter increase in assets within the IAs portfolios was reported for Repurchase Agreements and Securities of Governments, 25.65% and 2.06%, respectively. In contrast, the value of investments in Commercial paper and Deposits experienced a quarterly decline of -3.07% and -22.66%, respectively. The reduction in deposits may have contributed to half the nominal increase in repurchase agreements in IAs due to the attractiveness of repurchase agreements, amidst declining short-term interest rates during the period. Repurchase agreements may have further increased due to their price appreciation. This is consistent with the aggregate movement in asset prices in the Jamaican capital market. (See Figure 2.1 and Table 2).

Figure 2.1: Allocation of Pension Assets in Pooled Investment Arrangements as at June 30, 2024



### Key changes in the IA over the quarter:

- ↑
**REPURCHASE AGREEMENTS • 25.65%**  
 2024 Q2: **\$17.99B**, 2024 Q1: **\$14.32B**
- ↑
**SECURITIES OF GOVERNMENTS • 2.06%**  
 2024 Q2: **\$59.71B**, 2024 Q1: **\$58.50B**
- ↓
**COMMERCIAL PAPER • -3.07%**  
 2024 Q2: **\$5.15B**, 2024 Q1: **\$5.31B**
- ↓
**DEPOSITS • -22.66%**  
 2024 Q2: **\$6.61B**, 2024 Q1: **\$8.55B**

<sup>11</sup> Revised upwards from the figure reported in the March 2024 report



Table 2: Investment Arrangement Portfolio Mix<sup>12</sup>

Types of Investment	Amount Invested \$' Millions	% Of Total Investments	Amount Invested \$' Millions	% Of Total Investments	Amount Invested \$' Millions	% Of Total Investments	Quarterly Growth in IAs	Annual Growth in IAs
	Jun-24		Mar-24 <sup>13</sup>		Jun-23			
Deposits	6,614.74	2.28%	8,552.76	3.00%	8,712.95	3.04%	-22.66%	-24.08%
Commercial Paper	5,145.01	1.78%	5,308.00	1.86%	21,185.08	7.39%	-3.07%	-75.71%
Securities of Governments	59,709.92	20.61%	58,502.09	20.50%	49,665.24	17.32%	2.06%	20.22%
Repurchase Agreements	17,990.16	6.21%	14,317.78	5.02%	9,913.10	3.46%	25.65%	81.48%
Bonds and Debentures	31,120.02	10.74%	30,499.63	10.69%	27,736.71	9.67%	2.03%	12.20%
Mortgage Loans	0.86	0.00%	0.88	0.00%	1.01	0.00%	-2.51%	-14.91%
Other Loans	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Promissory Notes	5,768.67	1.99%	5,750.60	2.01%	5,802.49	2.02%	0.31%	-0.58%
Leases	1,755.95	0.61%	1,784.00	0.63%	1,768.72	0.62%	-1.57%	-0.72%
Stocks and Shares	84,346.71	29.11%	83,457.37	29.24%	85,614.17	29.85%	1.07%	-1.48%
Real Estate	25,290.71	8.73%	24,974.60	8.75%	23,220.14	8.10%	1.27%	8.92%
Derivatives	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	52,022.67	17.95% <sup>14</sup>	52,282.35	18.32%	53,169.54	18.54%	-0.50%	-2.16%
Total Investments Arrangements <sup>15</sup>	289,765.40	100.00%	285,430.05	100.00%	286,789.16	100.00%	1.52%	1.04%
Other Net Assets	1,647.94		2,350.79		783.88		-29.90%	110.23%
Other Investment Arrangements	5,834.24		5,886.34		(10,909.12)		-0.88%	-153.48%
Total Assets	297,247.59		293,667.18		276,663.92		1.22%	7.44%

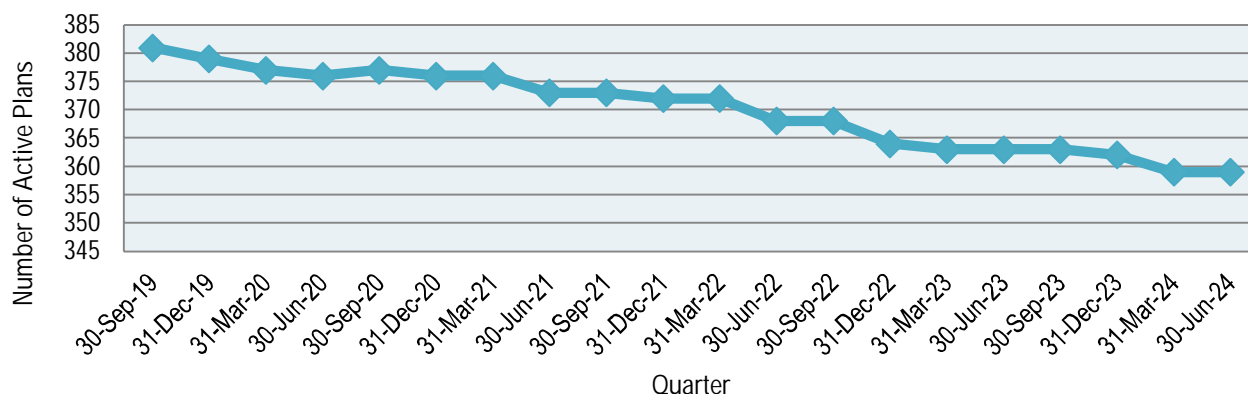
<sup>12</sup> Note: Total figures and growth rates may not be exact due to rounding errors.<sup>13</sup> March 2024 figures slightly revised from those reported in the March 2024 report<sup>14</sup> This predominantly represents allocation in unit trusts.<sup>15</sup> Total Investments Arrangements describes Type I Pooled Funds and some Deposit Administration Funds.

# OPERATING STATISTICS

## Active Pension Plans

As at June 30, 2024, the number of active pension plans remained at 359, as there were no new entries to or terminations from the pension industry during the quarter. Active plan membership increased by 0.50% from 163,684 to 164,501. Notwithstanding, active pension plan assets experienced a 0.98% growth from \$749.55 billion as at March 2024 to \$756.93 billion as at June 30, 2024. Active pension plans continue to account for 99.83% of total membership of the industry, whereas there was a marginal increase in asset value to 98.89% (from 98.88%<sup>16</sup>) of the industry's assets. (See Figure 3.0 and Table 3)

Figure 3.0: Growth Trend in Number of Active Pension Plans



## Active Plans by Type<sup>17</sup>

### Defined Contribution, Traditional Defined Benefit, Hybrid Defined Benefit, Mixed Defined Benefit

The number of Defined Contribution ("DC") plans remained unchanged at 248 when compared to the previous quarter and accounted for 69.08% of the total active pension plans in the industry. Notwithstanding, active DC plan assets grew by 5.60% over the quarter, increasing from \$255.40 billion<sup>18</sup> to \$269.71 billion. In terms of total assets, active DC plans ranked second, accounting for 35.63%. In addition, active DC plans' substantial hold on total active membership grew from 73.80% (March 2024) to 74.77% (June 2024). This saw the number of members increasing by 1.83% from 120,791 to 123,004.

Similarly, the total number of Traditional Defined Benefit ("TDB") plans remained unchanged at 82 when compared to the previous quarter, and represented 22.84% of the total active private pensions in the industry. Notably, TDB continued to account for the largest asset base among all benefit types of active plans, despite a decline to 54.15% of total active pension assets for this quarter (from 54.70% as at March 2024). Active TDB plans saw a marginal quarter-over-quarter decrease of -0.04%, while membership increased by 0.78%.

Total assets for Mixed Defined Benefit ("MDB") plans marginally increased by 0.28% to \$8.97 billion (from \$8.94 billion as at March 2024), whereas Hybrid Defined Benefit ("HDB") plans decreased by 9.03% to 68.39 billion (from \$75.18 billion as at March 2024). Active MDB and HDB represent 1.18% (from 1.19% as at March 2024) and 9.03% (from 10.03% as at March 2024) of the total active pension assets,

<sup>16</sup> Slight revision downwards from figure in March 2024 report

<sup>17</sup> DC plans are arrangements, whereby benefits for a member are determined solely as a function of the amount that can be provided by (a) contributions made by the employer on behalf of the member and (b) interest earned and other gains and losses allocated to the member's account in the fund. DB plans are arrangements that are not DC plans (Source: Definitions of the Pensions (Superannuation Funds and Retirement Schemes) Act). Traditional DB plans are those that benefits are derived from a formula; Hybrid DB plans are DB plans with DC characteristics; Mixed DB plans are single plans that consist of two separate components – one DB and one DC.

<sup>18</sup> Downward revision from figure in March 2024 report



respectively. For total active membership, while active HDB remained unchanged at 737 members, active MDB members declined by 6.62% from 23,318 to 21,775. Active MDB continue to account for 0.45% of total active membership as in the last quarter, whereas HDB represents 13.24% (from 14.25% as at March 2024). (See Table 3)

Table 3: Active Pension Plans by Benefit Type

	Jun 2024	Mar 2024	Dec 2023
<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	248	248	248
Total Active Plans	359	359	359
<b>Membership</b>			
Traditional Defined Benefit	18,985	18,838	19,082
Mixed Defined Benefit	737	737	733
Hybrid Defined Benefit	21,775	23,318	21,206
Defined Contribution	123,004	120,791	114,616
Total Membership	164,501	163,684	155,637
<b>Asset Values</b>			
Traditional Defined Benefit (\$' Millions)	409,870	410,035	406,459
Mixed Defined Benefit (\$' Millions)	8,968	8,943	8,802
Hybrid Defined Benefit (\$' Millions)	68,385	75,177 <sup>19</sup>	73,273
Defined Contribution (\$' Millions)	269,710	255,400	248,402
Total Asset Values (\$' Millions)	756,932	749,555	736,936

## Superannuation Funds ("SF") vs. Retirement Schemes ("RS")

For the quarter ended June 2024, the number of pension plans remained unchanged from the previous quarter, with totals of 345 SF and 14 RS. In terms of total assets, SF and RS saw increases of 0.73% and 3.32%, respectively. Additionally, the membership for the SF plan type decreased by 0.78%, whereas the RS plan type increased by 1.75% for the period under review. (See Figures 3.1 to 3.6).

Figure 3.1: Number of Superannuation Funds vs Retirement Schemes

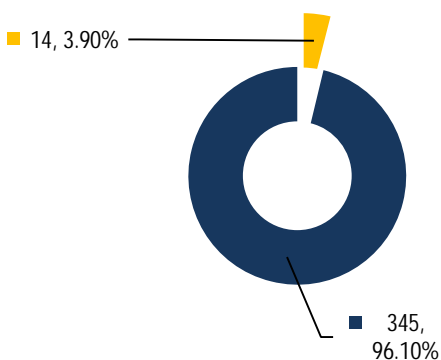
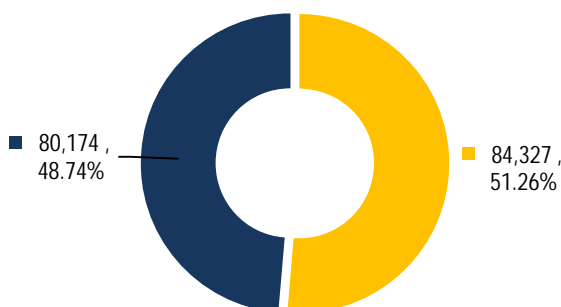
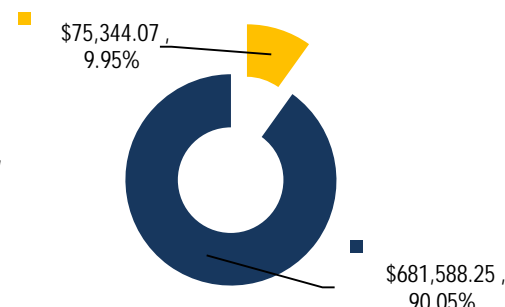


Figure 3.2: Number of Members in Superannuation Funds and Retirement Schemes



■ Retirement Schemes ■ Superannuation Funds

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



<sup>19</sup> Error in reporting in the March 2024 report

Figure 3.4: Five Year Asset Values for Superannuation Funds

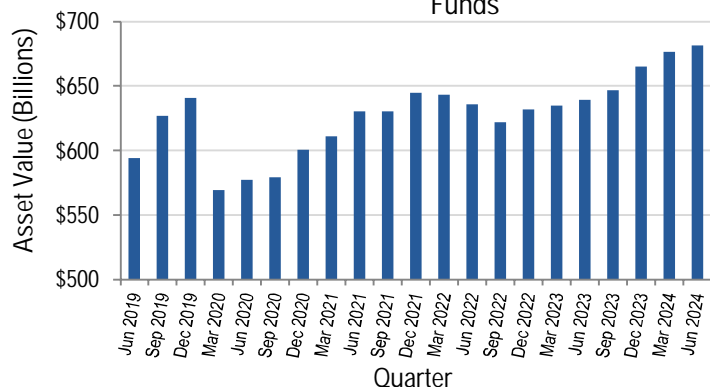


Figure 3.5: Five Year Asset Values for Retirement Schemes

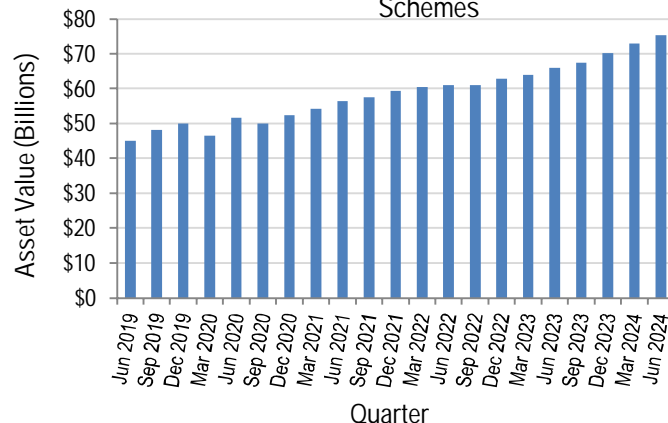
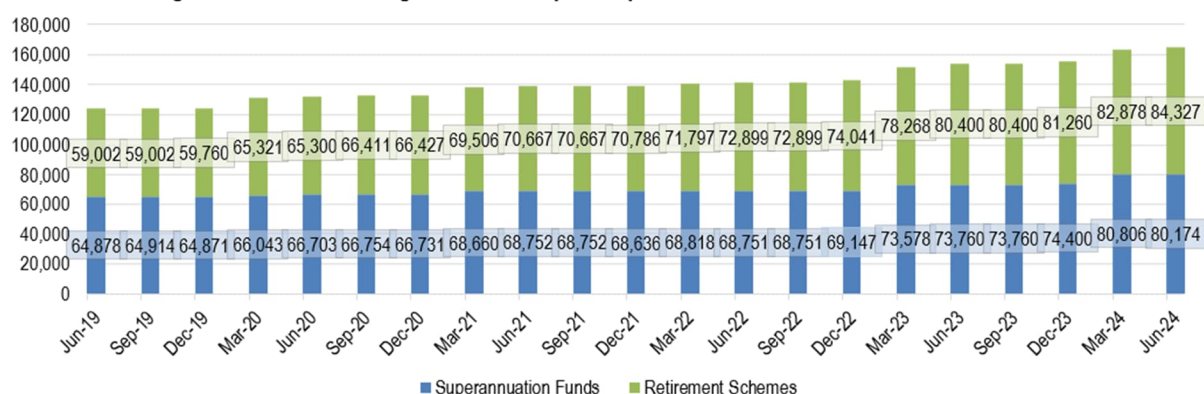


Figure 3.6: Five Year Change in Membership for Superannuation Funds and Retirement Schemes



## Active Superannuation Funds by Industry

For the quarter ended June 30, 2024, all active superannuation fund industry segments experienced quarter-over-quarter growth except for the Mining/Bauxite and Utility that declined by 0.27% and 2.29%, respectively. Similar to the previous quarter, the Services industry segment had the highest nominal increase in asset size of \$1.70 billion, increasing from \$113.63 billion to \$115.26 billion). Commerce/Finance represented the second largest increase, \$1.36 billion. Notably, the Agriculture industry had the highest percentage increase of 2.40%, however, it only contributed a marginal 3.53%<sup>20</sup> to the overall increase in SF pension assets within the pension industry. (See Figure 3.8)

Additionally, the top three industry segments<sup>21</sup> account for 65.26% (or \$444.82 billion) of the total asset size for active SF. As it relates to total membership in active SF, the top three industry segments<sup>22</sup> account for 63.76% or 51,121 members. (See Figures 3.8 and 3.9).

<sup>20</sup> Due mainly to 10 pension plans

<sup>21</sup> Commerce/Finance (36.92% or \$251.65 billion), Services (16.91% or \$115.26 billion) and Manufacturing (11.43% or \$77.92 billion)

<sup>22</sup> Services (28.63% or 22,953), Tourism (19.21% or 15,399 members), Commerce/Finance (15.93% or 12,769 members)

Figure 3.7: Percentage of Active Funds by Industry

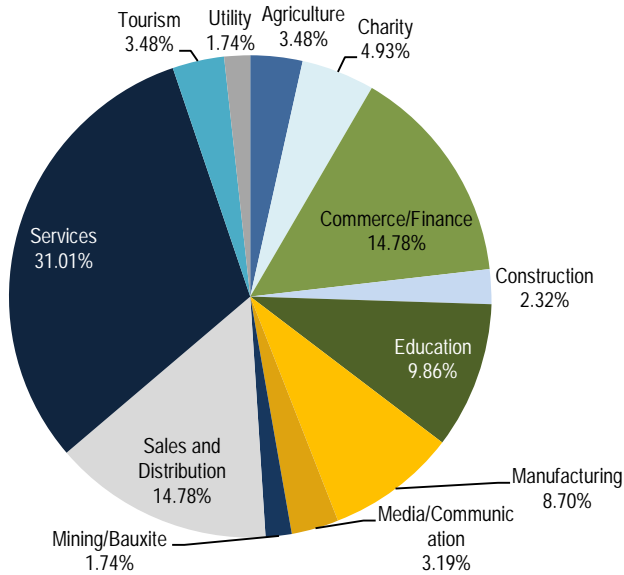


Figure 3.8: Percentage of Active Membership in Funds by Industry

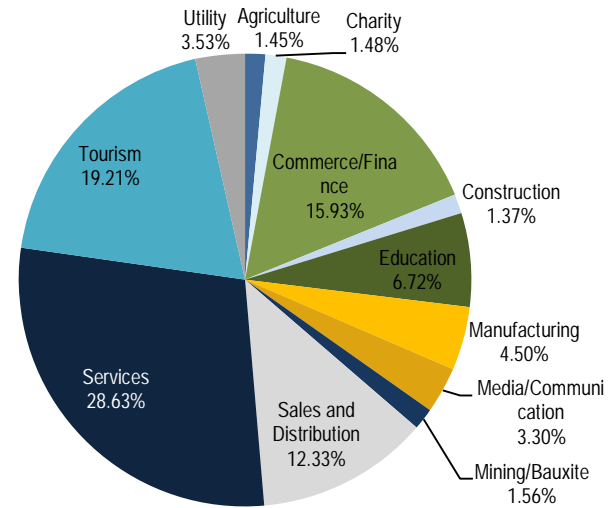
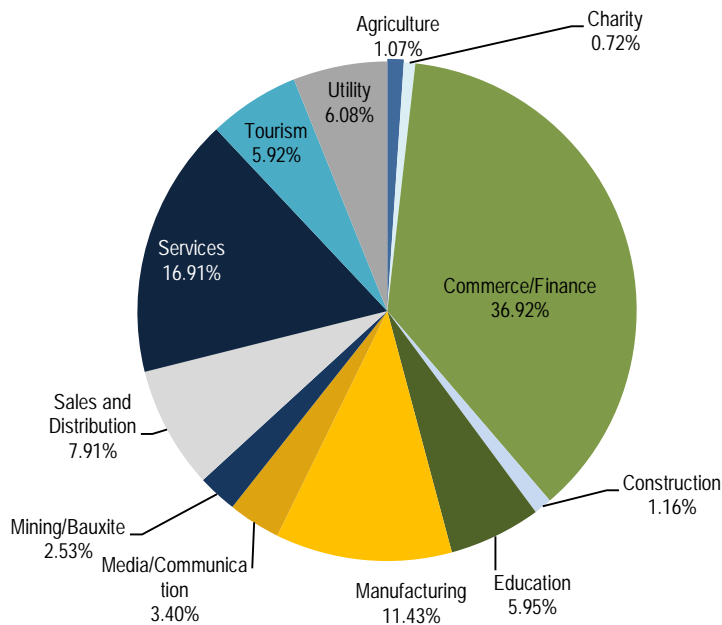


Figure 3.9: Percentage of Asset Values of Funds by Industry



## Solvency of Active Pension Plans

As of June 30, 2024, the FSC received information on the solvency position of 349<sup>23</sup> active pension plans. This includes four (4) MDB plans, nine (9) HDB, 82 TDB, and 254 DC plans. Likewise, 96.28% or 336 of pension plans were solvent.

Of the 336 solvent plans, 217 (64.58%) reported solvency levels between 100% and 120%, three (3) more plans than at the quarter ended March 2024. The number of plans with solvency levels above 120% decreased from 122 to 119. Of the solvent plans, DC plans accounted

<sup>23</sup> Valuation reports are due 16 months after each plan year end. Plan year ends vary widely.

for 73.52% of solvent plans, continuing its trend, whereas TDB plans accounted for the second largest proportion, standing at 23.21% (See Table 4).

Whilst the number of insolvent DC plans decreased from eight (8) to seven (<sup>724</sup>) over the quarter, trustees are being reminded that, theoretically, true DC plans, where pension benefits rely on contributions and investment gains and for which members assume all investment risk, should not be insolvent. To prevent further decline in members' benefits and the emergence of additional insolvent plans, Trustees must place a high priority on having strong governance over the asset-liability management of these DC pension plans. Ensuring that the interest credited to members' accounts corresponds with the net yield obtained on the assets obtained from their contributions as well as the proper remittance of contributions to increase and maintain the assets available for members' benefits.

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%	
2023	DC	6	0	5	1	0	100.00%
	Total	6	0	5	1	0	100.00%
2022	DC	47	3	34	5	5	93.62%
	HDB	1	0	1	0	0	100.00%
	TDB	17	1	4	6	6	94.12%
	MDB	0	0	0	0	0	0.00%
	Total	65	4	39	11	11	93.85%
2021	DC	74	0	59	10	5	100.00%
	HDB	3	0	3	0	0	100.00%
	TDB	24	2	5	8	9	91.67%
	MDB	1	1	0	0	0	0.00%
	Total	102	3	67	18	14	97.06%
2020 and earlier	DC	127	4	91	27	5	96.85%
	HDB	5	1	3	0	1	80.00%
	TDB	41	1	10	11	19	97.56%
	MDB	3	0	2	1	0	100.00%
	Total	176	6	106	39	25	96.59%
OVERALL		349	13	217	69	50	96.28%

## Inactive and Terminating Pension Plans

At the end of the June 2024 quarter, the number of inactive and terminating plans remained at 16 and 439, respectively. Furthermore, there was marginal growth in the assets of both inactive plans (0.46%) and terminating plans (0.51%).

Terminating plans continue to make up a large portion of plans in the private pension industry (53.93%), despite accounting for only a small part of overall assets and membership (1.08% and 0.13%, respectively). On the other hand, inactive plans, which represent 1.97% of all pension plans, represented 0.03% for both total assets and total membership. (See Tables 5 and 6).

<sup>24</sup> Revised downwards from figure in March 2024 report

## Investment Managers

The number of investment managers remained at 25 as there were no new entrants into the private pensions market during the quarter ended June 2024.

Securities dealers continued to account for the majority of private pension assets. The Funds Under Management ("FUM") of Securities Dealers represented 55.31% or \$423.40 billion of pension assets (from 55.19% or \$418.37 billion as at March 2024), which experienced a 1.20% growth. Life insurance companies' FUM holdings accounted for 36.63% of pension assets or \$280.42 billion and had experienced a 0.69% increase. (See Figure 4.0 and Table 7).

Figure 4.0: Investment Managers' Share of Market Assets

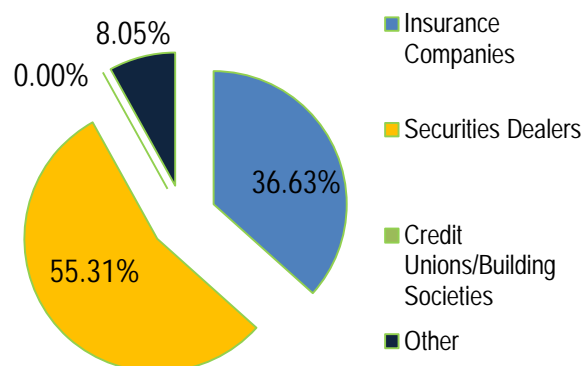


Table 5: Inactive Pension Plans by Benefit Type

	Jun-24	Mar-24	Dec-23
Number of Plans			
Defined Benefit	3	3	3
Defined Contribution	13	13	13
Total Inactive Plans	16	16	16
Membership			
Defined Benefit	0	0	0
Defined Contribution	53	53	53
Total Membership	53	53	53
Asset Values			
Defined Benefit (\$' Mil)	178	177	176
Defined Contribution (\$' Mil)	65	65	65
Total Asset Values (\$' Mil)	244	243	241

Table 6: Terminating Pension Plans by Benefit Type

	Jun-24	Mar-24	Dec-23
Number of Plans			
Defined Benefit	105	105	105
Defined Contribution	334	334	334
Total Terminating Plans	439	439	439
Membership			
Defined Benefit	79	79	79
Defined Contribution	142	142	150
Total Membership	221	221	229
Asset Values			
Defined Benefit (\$' Mil)	3,687	3,680	4,110
Defined Contribution (\$' Mil)	4,573	4,538	4,472 <sup>25</sup>
Total Asset Values (\$' Mil)	8,260	8,218	8,581

Table 7: Total Funds under Management of Investment Managers<sup>26</sup>

Investment Managers	Number of Entities Jun 2024	Asset Values Jun 2024 (\$'Millions)	Number of Entities Mar 2024	Asset Values Mar 2024 (\$'Millions)	Number of Entities Dec 2023	Asset Values Dec 2023 (\$'Millions)
Life Insurance Companies	2	\$280,416.37	2	\$278,485.09	2	\$274,722.14
Securities Dealers	15	\$423,395.19	15	\$418,366.70	15	\$411,324.82
Credit Unions	2	\$-	2	\$-	2	\$-
Other	6	\$61,624.27	6	\$61,163.56	6	\$59,710.48
Total	25	\$765,435.83	25	\$758,015.35	25	\$745,757.45

<sup>25</sup> Revised upwards from the figure reported in the March 2024 report

<sup>26</sup> Note: Total figures and growth rates may not be exact due to rounding errors.

# RISK OUTLOOK



The Planning Institute of Jamaica (“PIOJ”) reported a 0.1% growth in the real GDP for the second quarter of 2024, relative to the corresponding quarter of 2023. Despite the decline from 1.9% for the previous quarter, this represents thirteenth consecutive quarters of growth. The PIOJ has projected GDP to contract between 0.1% and 1.0% for the quarter ended September 2024. This is primarily due to negative impacts induced by Hurricane Beryl on July 3, 2024. Downside risks also include more adverse weather conditions and plant down-time due to relatively aged equipment. These variables may lead to lower quarter-over-quarter growth or even declines in the asset value of the private pensions industry as sectoral growth prospects begin to wane.



In June 2024, the Bank of Jamaica (BOJ) reported a point-to-point inflation rate of 5.35%, within their target range of 4% to 6%. This was the first increase in the inflation rate for the year. The rate then decreased to 5.07% in July but rose again to 6.46% in August due to Hurricane Beryl. The BOJ expects inflation to decrease over the next eight quarters, with recent trends suggesting a quicker return to the target range. Factors contributing to this outlook include a lesser impact from the hurricane on agriculture, moderating international commodity prices, and the effects of the BOJ’s tight monetary policy. Additionally, new domestic currency loans have slowed, inflation expectations are declining, and the exchange rate remains stable. However, there is an upside risk to the inflation projection due to the active hurricane season. Against the background of these developments, growth prospects are anticipated, which could positively impact returns on investment portfolios of pension as well as improve the purchasing power of the real retirement income earned by current pensioners. The FSC continues to encourage active pension plan members to increase their voluntary contributions where possible and contribute the maximum amount stipulated by law. To optimize the overall return on investments for plan members, IMs are encouraged to exercise prudence in their efforts to rebalance and diversify pension plan portfolios.



For the quarter ended June 2024, heightened interest rates persisted in dampening growth potential for businesses and resulting in a continued weak stock market performance. Notwithstanding the anticipated economic decline in the September 2024 quarter, the Bank of Jamaica’s two consecutive interest rate reductions of 25 basis points each in August and September 2024 (resulting in a policy rate of 6.50%) should lead to improved stock market performance in the medium term as the cost of doing business decreases. This is also against the context that major trading partners have also began reducing interest rates. Pension plan trustees and investment managers are encouraged to continue to conduct due diligence in market monitoring and rebalancing of portfolios where necessary. This proactive approach is essential for securing preservation of the value of members’ retirement income, thus safeguarding their financial well-being upon retirement.





## SUMMARY

As at June 30, 2024, the Jamaican private pensions sector has continued to experienced growth in assets, reaching \$765.44 billion in FUM with growth of 0.98% or \$7.42 billion during the quarter. Global concerns and local challenges during the quarter led to marginal growth primarily. Amidst lowering interest rates, growth potential is expected to improve. Trustees are urged to sustain their active oversight in monitoring, diversifying, and rebalancing plan portfolios, bearing in mind the critical role these efforts play in aligning investments with current market conditions. This tactical approach is essential for protecting members' accrued benefits. The FSC's unwavering dedication to cultivating a resilient environment is demonstrated by its ongoing collaboration with industry stakeholders. This endeavour seeks to improve protective measures and guarantee the welfare of each member and beneficiary in the Jamaican private pension sector.