



PRIVATE PENSIONS INDUSTRY STATISTICS

SEPTEMBER
2024

OVERVIEW

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As at September 30, 2024, the total value of assets invested in the Jamaican private pensions industry was **\$782.41 billion**, representing a quarter-over-quarter increase of 2.22%. This represents the first uptick in the positive growth rate since the 2.95% December 2023 increase. The 2.22% growth for this quarter can be attributed to the 651 pension plans that reported growth in assets ranging from slightly above 0.05% to 42.80%, reflecting 89 more plans than the previous quarter (See Figure 1.0). The number of solvent active pension plans increased by two (2) over the quarter from 336 to 338.

Overall, the Jamaican pension industry was fairly resilient despite local and global economic challenges and geopolitical tensions. Amidst a decreasing interest rate environment and projected decline in real economic output, growth potential is expected to increase over the medium term.

OVERVIEW (cont'd)

Key changes in the industry over the September 2024 quarter



PRIVATE PENSION ASSETS • 2.22%
2024 Q3: **\$782.41B**, 2024 Q2: **\$765.42B¹**



MEMBERSHIP² • 0.00%
2024 Q3: **164,775**, 2024 Q2: **164,775**



NUMBER OF PLANS³
2024 Q3: **819**, 2024 Q2: **814**



NUMBER OF ACTIVE PLANS
2024 Q3: **364**, 2024 Q2: **359**



PENSION COVERAGE⁴ • 0.80%⁵
2024 Q3: **11.68%**, 2024 Q2: **11.58%**

At the end of September 2024, both total and active pension coverage increased from 11.60% and 11.58% to 11.69% and 11.68%, respectively. This nominal increase was due to the decrease in employed persons in the labour force⁶ over the quarter as the timing of membership filing submissions lags due to unique reporting year ends of licensees. (See figures 1.2 and 1.3)

For the September 2024 quarter, of the 819 pension plans, 741 held assets. Of that amount, 651 or 87.85% reported a quarterly asset increase, 79 or 10.66% had a quarterly asset decrease, and 11 terminating plans (1.48% of plans) reported no movement in assets (See Figure 1.0). Furthermore, the industry has recorded an average quarterly growth of 0.96% in private pension assets over the past five (5) years. (See Figure 1.1).

Figure 1.0: Quarterly Returns on Total Assets of Pension Plans

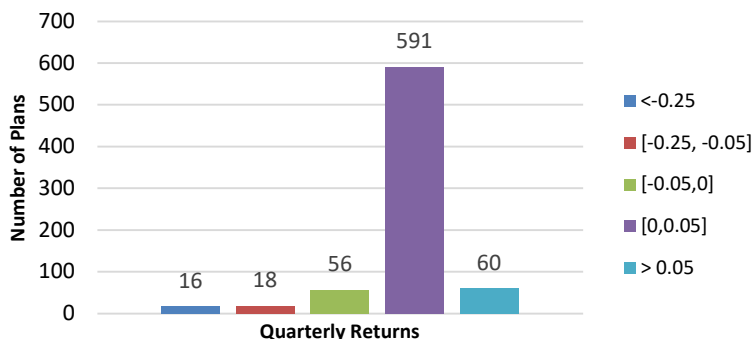
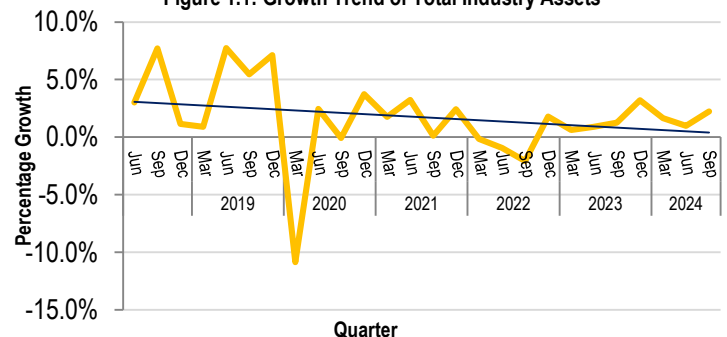


Figure 1.1: Growth Trend of Total Industry Assets



¹ Private pension assets as at the June 2024 quarterly is revised downwards from \$765.44 billion due to revised figures from statutory filings.

² This represents membership in all plans. The 0.00% quarterly change is due to varying submission deadlines based on unique reporting year ends of licensees.

³ This number includes pension plans which are active, terminating, and inactive.

⁴ This represents pension coverage for active plans only.

⁵ Rounding error due to exact figure use

⁶ According to the Statistical Institute of Jamaica, the Jamaican employed labour force was 1,420,300 as at June 30, 2024 and 1,409,000 as at September 30, 2024 (<https://statinja.gov.jm/>).

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

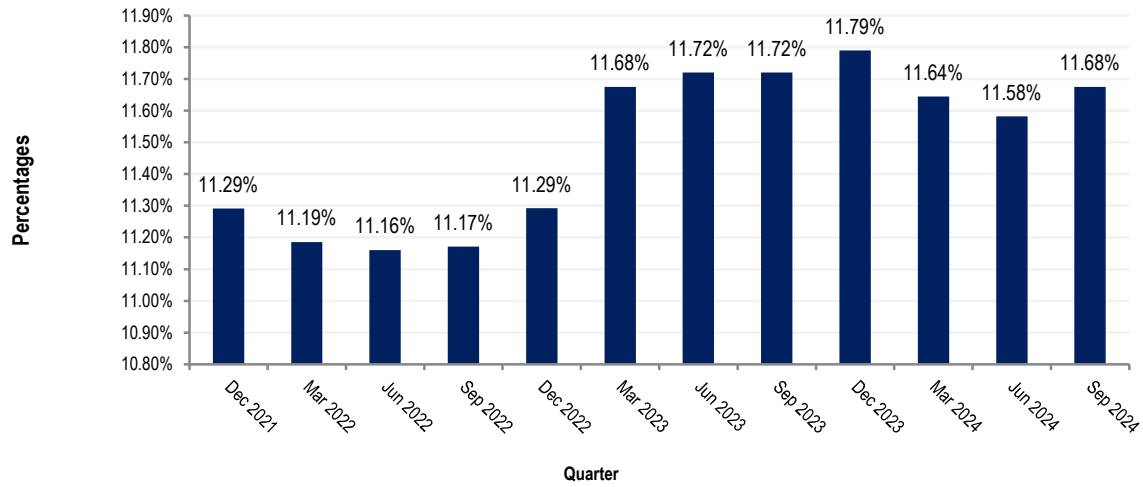
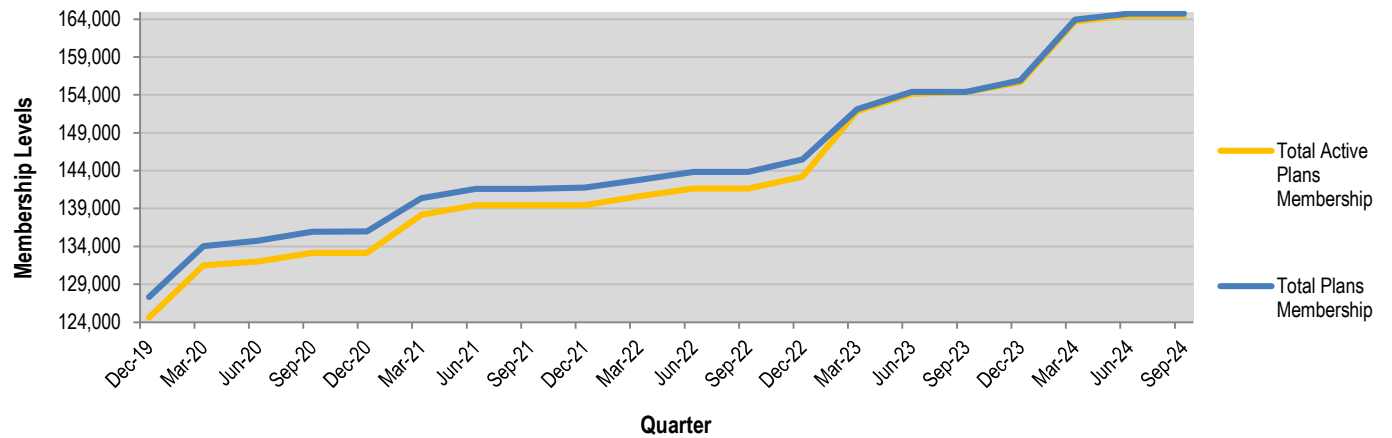


Figure 1.3: Growth Trends in Membership Levels of Active Pension Plans vs All Pension Plans



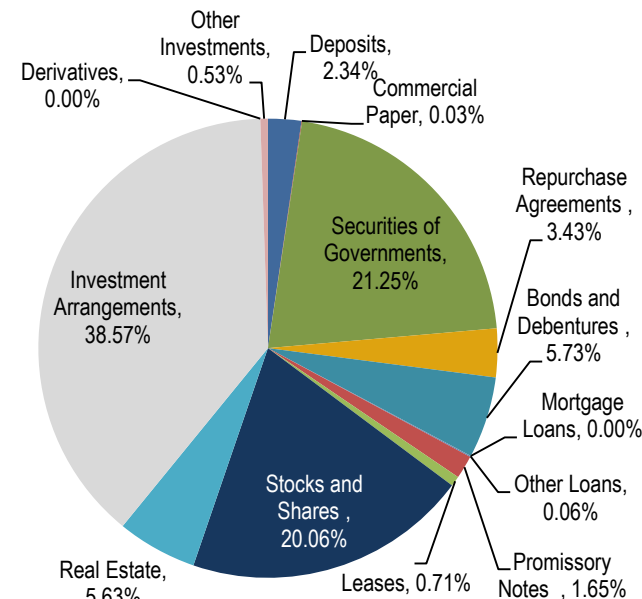
INVESTMENT MIX

Private Pension Assets⁷

Total private pension assets continued its growth trend since December 2022. For this quarter, this represents the first boost in positive growth rate since the 3.08% rise for the quarter ending December 2023. This increase in the growth rate from 0.97% in June 2024, to 2.19%⁸ in September 2024 was driven by an increase in the growth of investment asset values for the top three asset classes, repurchase agreements, and deposits when compared to the previous quarter. Since March 2015, Investment Arrangements (“IA”), Securities of Governments (“SOGs”), 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 September 2024 quarter, eight (8) asset classes within the aggregate pension portfolio appreciated in value – Other Investments (17.68%), Deposits (17.54%), Repurchase Agreements (14.03%), Real Estate (3.89%), Stocks and Shares (2.25%), IA (1.37%), SOGs (1.24%), and Leases (0.60%). Notably, the Stocks and Shares asset class saw a marginal improvement despite the declining JSE stock indices⁹ during the same period. This may be due to a diversified equity portfolio. For Deposits, its growth during the September 2024 quarter greatly improved to 17.54% when compared to the last quarter-over-quarter increase of 2.49%. This may be indicative of combination of higher potential returns from heightened interest rates, liquidity needs for upcoming retirements, and limited alternative investment opportunities. Elevated interest rates within the economy during the period continued to hinder pension plan asset growth as the impact of the 25-basis point reduction on August 20, 2024, had lag effects on the overall economy. This is further represented in the anaemic performance of the major indices of the Jamaican stock market except for the JSE All Jamaican Index.

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



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



TOTAL OTHER INVESTMENTS • 17.68%
2024 Q3: **\$4.16B**, 2024 Q2: **\$3.54B**



TOTAL DEPOSITS • 17.54%
2024 Q3: **\$18.30B**, 2024 Q2: **\$15.57B**



TOTAL PROMISSORY NOTES • -6.52%
2024 Q3: **\$12.87B**, 2024 Q2: **\$13.77B**



TOTAL OTHER LOANS • -6.88%
2024 Q3: **\$454.21M**, 2024 Q2: **\$487.76M**

⁷ Figures from the previous quarterly report may have been revised.

⁸ This growth of 2.19%, which focuses on the investment mix portion that excludes Other Net Assets (payables, receivables, etc) should not be confused with the growth of 2.22% for the overall movement.

⁹ JSE Combined Index (-0.20%), JSE All Jamaican Index (1.16%), JSE US Equities Index (-3.02%), JSE Main Index (-0.19%), JSE Junior Index (-0.37%)

Table 1: Aggregate Investment Portfolio Mix¹⁰

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
	Sep-24		Jun-24		Sep-23			
Deposits	18,305.48	2.34%	15,574.22	2.04%	13,830.63	1.92%	17.54%	32.35%
Commercial Paper	231.24	0.03%	232.13	0.03%	234.95	0.03%	-0.39%	-1.58%
Securities of Governments	166,030.70	21.25%	163,999.79	21.45%	151,741.88	21.03%	1.24%	9.42%
Repurchase Agreements	26,760.93	3.43%	23,469.25	3.07%	21,844.55	3.03%	14.03%	22.51%
Bonds and Debentures	44,737.61	5.73%	44,921.46	5.88%	45,085.48	6.25%	-0.41%	-0.77%
Mortgage	33.64	0.00%	34.20	0.00%	36.27	0.01%	-1.63%	-7.25%
Other Loans	454.21	0.06%	487.76	0.06%	439.95	0.06%	-6.88%	3.24%
Promissory Notes	12,868.28	1.65%	13,766.04	1.80%	14,298.11	1.98%	-6.52%	-10.00%
Leases	5,547.21	0.71%	5,514.06	0.72%	5,208.41	0.72%	0.60%	6.50%
Stocks and Shares	156,737.85	20.06%	153,283.29	20.05%	145,443.14	20.15%	2.25%	7.77%
Real Estate	43,981.73	5.63%	42,336.35	5.54%	39,468.95	5.47%	3.89%	11.43%
Investment Arrangements	301,307.48	38.57%	297,247.59	38.89%	280,384.16	38.85%	1.37%	7.46%
Derivatives	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	4,162.93	0.53%	3,537.43	0.46%	3,665.12	0.51%	17.68%	13.58%
Total Investments	781,159.29	100.00%	764,403.56	100.00%	721,681.59	100.00%	2.19%	8.24%
Other Net Assets	1,252.94		1,018.46		1,060.13		23.02%	18.19%
Total Assets	782,412.23		765,422.03		722,741.72		2.22%	8.26%

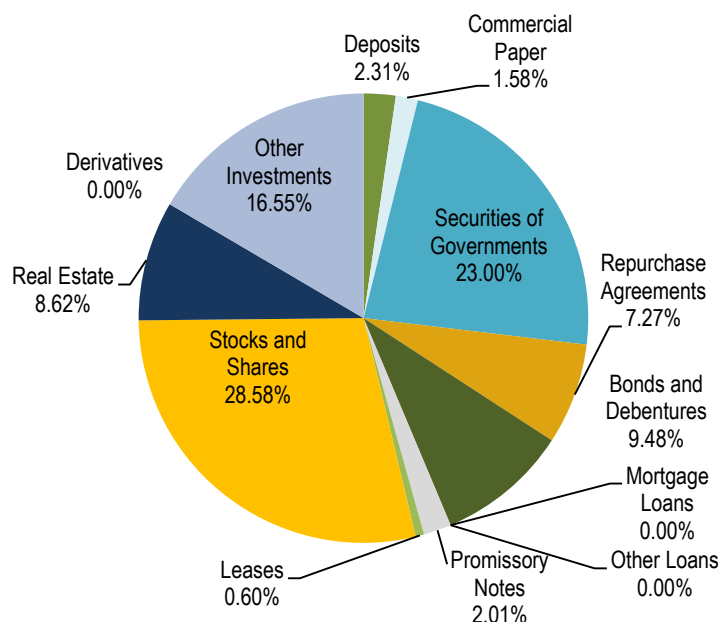
¹⁰ Note: Total figures and growth rates may not be exact due to rounding errors.

Investment Arrangements (“IAs”)¹¹

IAs, consisting of Type I Pooled Funds, Type II Pooled Funds and Deposit Administration Funds, experienced a marginal gain of \$4.06 billion, or 1.37%, over the quarter ended September 30, 2024. The IA¹² portfolio marginally improved from the June quarter-over-quarter growth of 1.52% to 2.12% for the quarter ended September 2024. This movement is primarily driven by increases in assets within the IAs portfolios with respect to Securities of Governments and Repurchase Agreements.

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, 19.62% and 14.00%, respectively. In contrast, the value of investments in Commercial paper and Bonds & Debentures experienced a quarterly decline of -8.88% and -9.88%, respectively. Amidst declining short-term interest rates during the period, Repurchase Agreements and Securities of Governments may have benefited from appreciated prices. 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 September 30, 2024



Key changes in the IA over the quarter:



REPURCHASE AGREEMENTS • 19.62%
2024 Q3: **\$21.52B**, 2024 Q2: **\$17.99B**



SECURITIES OF GOVERNMENTS • 14.00%
2024 Q3: **\$68.07B**, 2024 Q2: **\$59.71B**



COMMERCIAL PAPER • -8.88%
2024 Q3: **\$4.69B**, 2024 Q2: **\$5.15B**



BONDS & DEBENTURES • -9.88%
2024 Q3: **\$28.04B**, 2024 Q2: **\$31.12B**

¹¹ Figures from the previous quarterly report may have been revised.

¹² This exclusively consists of Type I Pooled Funds, Type II Pooled Funds and Deposit Administration Funds.

Table 2: Investment Arrangement Portfolio Mix¹³

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
	Sep-24		Jun-24		Sep-23			
Deposits	6,835.87	2.31%	6,614.74	2.28%	8,403.73	3.07%	3.34%	-18.66%
Commercial Paper	4,688.19	1.58%	5,145.01	1.78%	5,595.27	2.04%	-8.88%	-16.21%
Securities of Governments	68,068.98	23.00%	59,709.92	20.61%	55,019.53	20.09%	14.00%	23.72%
Repurchase Agreements	21,520.16	7.27%	17,990.16	6.21%	11,160.39	4.07%	19.62%	92.83%
Bonds and Debentures	28,043.87	9.48%	31,120.01	10.74%	27,773.40	10.14%	-9.88%	0.97%
Mortgage Loans	0.83	0.00%	0.86	0.00%	0.99	0.00%	-2.56%	-15.39%
Other Loans	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Promissory Notes	5,933.65	2.01%	5,768.67	1.99%	5,708.34	2.08%	2.86%	3.95%
Leases	1,771.66	0.60%	1,755.95	0.61%	1,799.90	0.66%	0.89%	-1.57%
Stocks and Shares	84,563.62	28.58%	84,346.71	29.11%	85,873.33	31.35%	0.26%	-1.53%
Real Estate	25,507.68	8.62%	25,290.71	8.73%	23,473.53	8.57%	0.86%	8.67%
Derivatives	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00%	0.00%
Other Investments	48,962.31	16.55%	52,022.67	17.95%	49,123.42	17.93%	-5.88%	-0.33%
Total Investments Arrangements ¹⁴	295,896.83	100.00%	289,765.41	100.00%	273,931.83	100.00%	2.12%	8.02%
Other Net Assets	-382.49		1,647.94		760.16		-123.21%	-150.32%
Other Investment Arrangements	5,793.13		5,834.24		5,692.18		-0.70%	1.77%
Total Assets	301,307.48		297,247.59		280,384.16		1.37%	7.46%

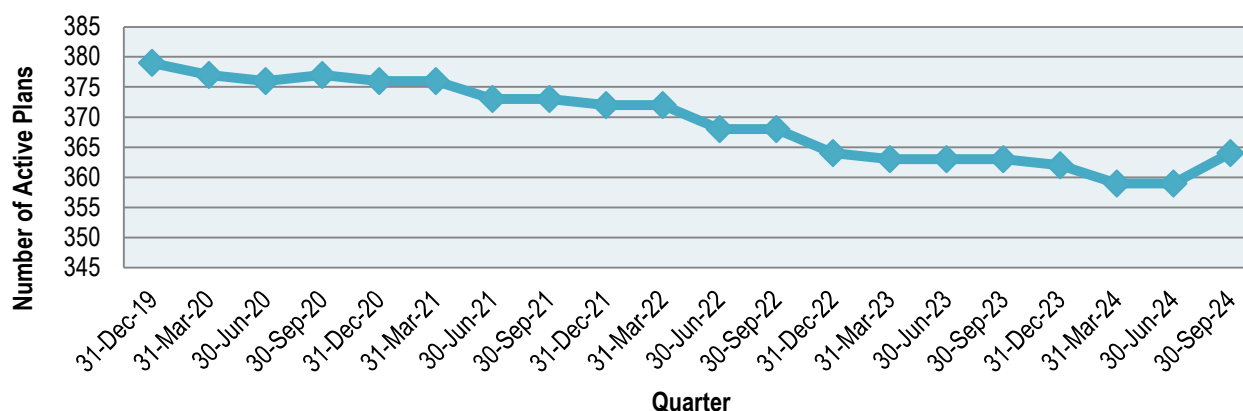
¹³ Note: Total figures and growth rates may not be exact due to rounding errors.¹⁴ Total Investments Arrangements describes Type I Pooled Funds and some Deposit Administration Funds.

OPERATING STATISTICS

Active Pension Plans

As at September 30, 2024, the number of active pension plans increased from 359 to 364, as there were five (5) new entries to the pension industry during the quarter; no terminations occurred. Active plan membership stood at 164,501 and had no reported change during the quarter. Notwithstanding, active pension plan assets experienced a 2.31% growth from \$756.93 billion as at June 2024 to \$774.44 billion as at September 30, 2024. Active pension plans continue to account for 99.83% of total membership of the industry, whereas there was an increase in asset value to 98.98% (from 98.89%) 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 Type¹⁵

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

The number of Defined Contribution ("DC") plans increased to 253, welcoming five (5) new pension plans to the industry during the quarter (See Table 3). DC plans accounted for 69.51% of the total active pension plans in the industry. Additionally, active DC plan assets grew by 3.94% over the quarter, increasing from \$269.71 billion to \$280.33 billion. In terms of total assets, active DC plans ranked second, accounting for 36.20%. In addition, active DC plans' substantial hold on total active membership remained at 74.77%. Membership therefore remained at 123,004.

The total number of Traditional Defined Benefit ("TDB") plans remained unchanged at 82 when compared to the previous quarter and represented 22.53% of the total active private pensions in the industry (See Table 3). TDB plans continued to account for the largest asset base among all benefit types of active plans, despite a decline to 53.55% of total active pension assets for this quarter (from 54.15% as at June 2024). Active TDB plans saw a marginal quarter-over-quarter asset increase of 1.19%, while membership remained unchanged.

Total assets for Mixed Defined Benefit ("MDB") plans marginally increased by 1.61% to \$9.11 billion (from \$8.97 billion as at June 2024), whereas Hybrid Defined Benefit ("HDB") plans increased by 2.74% to \$70.26 billion (from \$68.39 billion as at June 2024). (See Table 3) Active MDB and HDB represent 1.18% (same as at June 2024) and 9.07% (from 9.03% as at June 2024) of the total active pension assets, respectively. For total active membership, both active HDB and active MDB members remained unchanged at 737 and 21,775,

¹⁵ 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.

respectively. Active MDB and active HDB continue to account for 0.45% and 13.24% of total active membership as in the last quarter. (See Table 3)

Table 3: Active Pension Plans by Benefit Type			
	Sep 2024	Jun 2024	Mar 2024
Number of Plans			
Traditional Defined Benefit	82	82	82
Mixed Defined Benefit	4	4	4
Hybrid Defined Benefit	25	25	25
Defined Contribution	253	248	248
Total Active Plans	364	359	359
Membership			
Traditional Defined Benefit	18,985	18,985	18,838
Mixed Defined Benefit	737	737	737
Hybrid Defined Benefit	21,775	21,775	23,318
Defined Contribution	123,004	123,004	120,791
Total Membership	164,501	164,501	163,684
Asset Values			
Traditional Defined Benefit (\$' Millions)	414,740	409,870	410,035
Mixed Defined Benefit (\$' Millions)	9,112	8,968	8,943
Hybrid Defined Benefit (\$' Millions)	70,257	68,385	75,177
Defined Contribution (\$' Millions)	280,332	269,710	255,400
Total Asset Values (\$' Millions)	774,440	756,932	749,555

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

For the quarter ended September 2024, the number of pension plans rose to include five (5) new SF. That is, there were 349 SF and 15 RS which represented the active pension industry. In terms of total assets, SF and RS saw increases of 4.91% and 2.03%, respectively. The membership for the SF and RS plan types remained unchanged for the period under review. (See Figures 3.1 to 3.6).

Figure 3.1: Number of Superannuation Funds vs Retirement Schemes

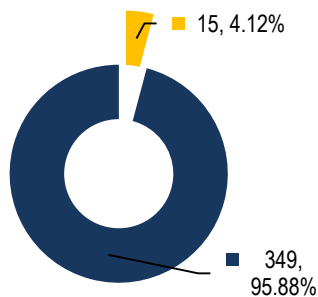


Figure 3.2: Number of Members in Superannuation Funds and Retirement Schemes

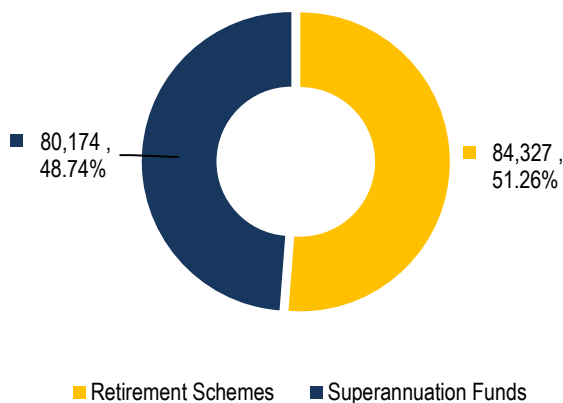


Figure 3.3: Assets in Superannuation Funds vs Retirement Schemes (\$'Millions)

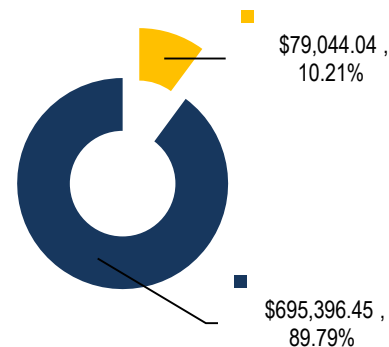


Figure 3.4: Five Year Asset Values for Superannuation Funds

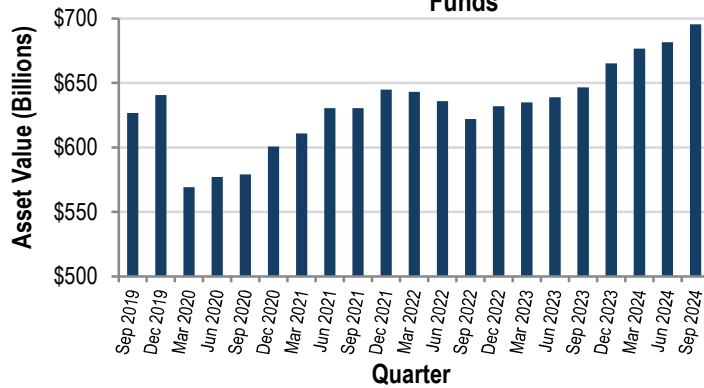


Figure 3.5: Five Year Asset Values for Retirement Schemes

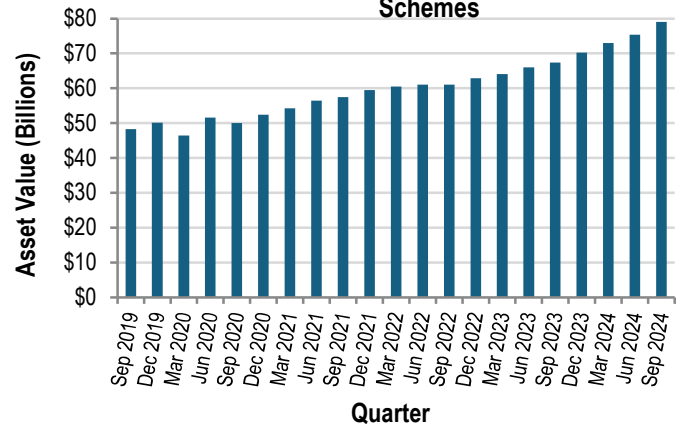
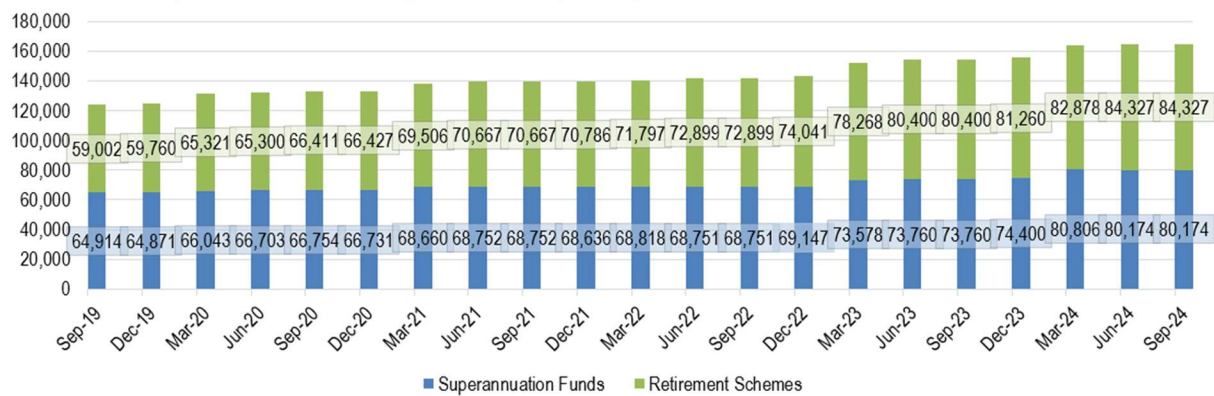


Figure 3.6: Five Year Change in Membership for Superannuation Funds and Retirement Schemes



Active Superannuation Funds by Industry

For the quarter ended September 30, 2024, all active superannuation fund industry segments experienced quarter-over-quarter growth. Similar to the previous quarter, the Services industry segment had the highest nominal increase in asset size of \$4.48 billion, increasing from \$115.26 billion to \$119.74 billion). Commerce/Finance represented the second largest increase, \$1.83 billion. Notably, the Services industry had the highest percentage increase of 3.89%. (See Figure 3.8)

Additionally, the top three industry segments¹⁶ account for 65.07% (or \$452.50 billion) of the total asset size for active SF. (See Figure 3.9 As it relates to total membership in active SF, the top three industry segments¹⁷ continued to account for 63.76% or 51,121 members. (See Figure 3.8).

Figure 3.7: Percentage of Active Funds by Industry

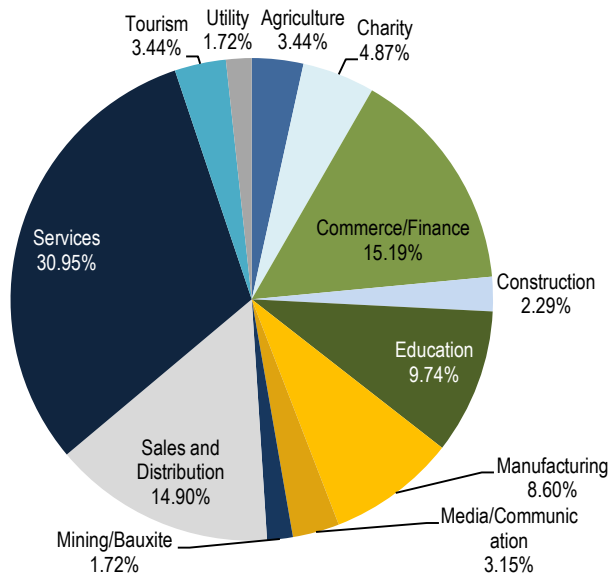
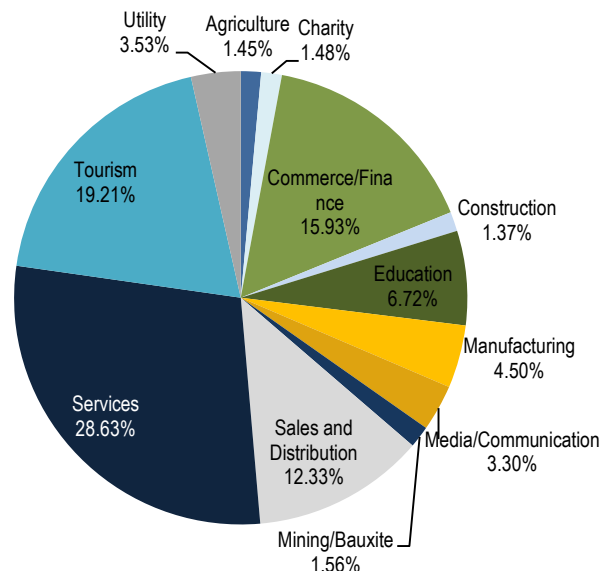


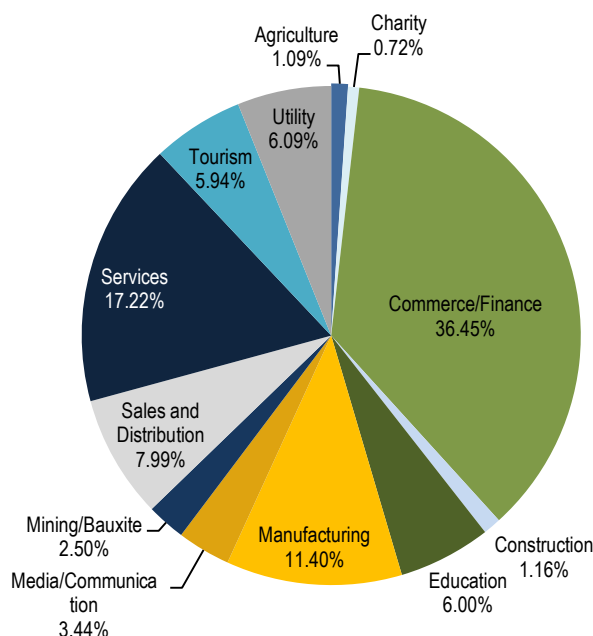
Figure 3.8: Active Membership in Funds by Industry



¹⁶ Commerce/Finance (36.45% or \$253.47 billion), Services (17.22% or \$119.74 billion) and Manufacturing (11.40% or \$79.29 billion)

¹⁷ Services (28.63% or 22,953), Tourism (19.21% or 15,399 members), Commerce/Finance (15.93% or 12,769 members)

Figure 3.9: Asset Values for Funds by Industry



Solvency of Active Pension Plans

As of September 30, 2024, the FSC received information on the solvency position of 350¹⁸ active pension plans. This includes four (4) MDB plans, nine (9) HDB, 82 TDB, and 255 DC plans. Likewise, 96.57% or 338 of pension plans were solvent.

Of the 338 solvent plans, 222 (63.43%) reported solvency levels between 100% and 120%, five (5) more plans than at the quarter ended June 2024. The number of plans with solvency levels above 120% decreased from 119 to 116. Of the solvent plans, DC plans accounted for 73.67% of solvent plans, continuing its trend, whereas TDB plans accounted for the second largest proportion, which stood at 23.08% (See Table 4).

Whilst the number of insolvent DC plans decreased from seven (7) to six (6) 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.

¹⁸ Valuation reports are due 16 months after each plan year end. Plan year ends vary widely.

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%	
2024	DC	1	0	1	0	0	100.00%
	Total	1	0	1	0	0	100.00%
2023	DC	9	0	7	1	1	100.00%
	TDB	1	0	0	0	1	100.00%
	Total	10	0	7	1	2	100.00%
2022	DC	70	3	52	9	6	95.71%
	HDB	1	0	1	0	0	100.00%
	TDB	26	2	7	9	8	92.31%
	MDB	1	0	1	0	0	100.00%
	Total	98	5	61	18	14	94.90%
2021 and earlier	DC	175	3	132	32	8	98.29%
	HDB	8	1	6	0	1	87.50%
	TDB	55	2	14	18	21	96.36%
	MDB	3	1	1	1	0	66.67%
	Total	241	7	153	51	30	97.10%
OVERALL		350	12	222	70	46	96.57%

Inactive and Terminating Pension Plans

At the end of the September 2024 quarter, the number of inactive and terminating plans remained at 16 and 439, respectively. Additionally, there was marginal growth and decline in the assets for inactive plans (0.37%) and terminating plans (6.45%), respectively.

Terminating plans continue to make up a large proportion of plans in the private pension industry (53.60%), despite accounting for only a small part of overall assets and membership (0.99% and 0.13%, respectively). On the other hand, inactive plans, which represent 1.95% of all pension plans, represented 0.03% for both total assets and total membership. (See Tables 5 and 6).

Investment Managers

The number of investment managers increased to from 25 to 26, which introduced a new securities dealer among the mix of the private pensions market during the quarter ended September 2024.

Securities dealers continued to account for the majority of private pension assets. The Funds Under Management ("FUM") of Securities Dealers represented 55.16% or \$431.54 billion of pension assets (from 55.31% or \$423.40 billion as at June 2024), which experienced a 1.92% growth. Life insurance companies' FUM holdings accounted for 36.83% of pension assets or \$288.13 billion) and had experienced a 2.75% increase. (See Figure 4.0 and Table 7).

Figure 4.0: Investment Managers' Share of Market Assets

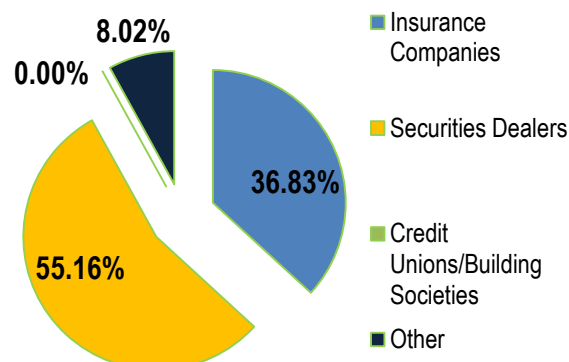


Table 5: Inactive Pension Plans by Benefit Type

	Sep-24	Jun-24	Mar-24
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)	179	178	177
Defined Contribution (\$' Mil)	65	65	65
Total Asset Values (\$' Mil)	245	244	243

Table 6: Terminating Pension Plans by Benefit Type

	Sep-24	Jun-24	Mar-24
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	142
Total Membership	221	221	221
Asset Values			
Defined Benefit (\$' Mil)	3,639	3,687	3,680
Defined Contribution (\$' Mil)	4,088	4,573	4,538
Total Asset Values (\$' Mil)	7,727	8,260	8,218

Table 7: Total Funds under Management of Investment Managers¹⁹

Investment Managers	Number of Entities Jun 2024	Asset Values Jun 2024 (\$'Millions)	Number of Entities Jun 2024	Asset Values Jun 2024 (\$'Millions)	Number of Entities Mar 2024	Asset Values Mar 2024 (\$'Millions)
Life Insurance Companies	2	\$288,131.95	2	\$280,416.37	2	\$278,485.09
Securities Dealers	16	\$431,539.78	15	\$423,395.19	15	\$418,366.70
Credit Unions	2	\$-	2	\$-	2	\$-
Other	6	\$62,740.50	6	\$61,624.27	6	\$61,163.56
Total	26	\$782,412.23	25	\$765,435.83	25	\$758,015.35

¹⁹ Note: Total figures and growth rates may not be exact due to rounding errors.

RISK OUTLOOK



The Planning Institute of Jamaica (“PIOJ”) reported a 2.8% decline in the real GDP for the third quarter of 2024, relative to the same period in 2023. This contraction is the first after thirteen consecutive quarters of growth. The PIOJ has projected GDP to contract between -1.5% and 0.0% for the quarter ended December 2024. This is primarily due to downside risks related to negative impacts induced by Hurricane Beryl, continued heavy rainfall, the US’s July 25th level 3 Travel Advisory, slow implementation of capital projects, and plant down-time due to relatively aged equipment. These variables may potentially dampen quarter-over-quarter growth or reduce the asset value of the private pensions industry as sectoral growth prospects are impacted.



In September 2024, the Bank of Jamaica (BOJ) reported a point-to-point inflation rate of 5.74%, within their target range of 4% to 6%. Despite Hurricane Beryl’s impact on prices in August 2024, inflation is being anchored within the target range. The BOJ expects inflation to remain within this target range over the next eight quarters. Factors contributing to this outlook include consistent reduction in the policy rate, the stabilization of the FX market, and moderating wage pressures. Upside risks to the inflation projection may rise from geopolitical tensions, adverse weather conditions, and global economic conditions. Against the background, growth prospects are anticipated, which could positively impact returns on pension investment portfolios 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 September 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 December 2024 quarter, the Bank of Jamaica’s three consecutive interest rate reductions of 25 basis points up to December 20, 2024 (resulting in a policy rate of 6.25%) 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.



MESSAGE

As at September 30, 2024, the Jamaican private pensions sector has continued to experienced growth in assets, reaching \$782.41 billion in FUM with growth of 2.22% or \$16.99 billion during the quarter. Global concerns and local challenges during the quarter continue to lead anaemic growth performance. Amidst lowering interest rates, growth potential is expected to improve in the medium term. 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.