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Contact: Stephen Ainsworth, BWCI Group
stephen.ainsworth@bwcigroup.com
John Martin, BWCI Group
john.martin@bwcigroup.com
Tel : 01481 728432



Stephen Ainsworth

States confirm definitive details for implementation of secondary pensions

BWCI is encouraging employers to get ready for the implementation of secondary pensions after the States approved subordinate legislation and issued supporting Statements of Practice.

This means that the definitive aspects and practical implementation of these new requirements have been confirmed in advance of the launch date of 1 July 2024 which will result in the biggest transformation to retirement savings the island has ever seen.

This means that Employers will be legally required to offer a workplace pension to their designated Guernsey, Alderney, and Herm employees.

There will be a lead-in period for the requirements, which will start with larger employers. Medium-sized and smaller employers will be phased in later.

Stephen Ainsworth, the BWCI Senior Partner said: "This is welcome news to encourage additional retirement savings and marks the culmination of activity over the last decade. Pension planning is for the long term, and the more employees can be encouraged to save for their retirement now rather

than later, the better placed they will be to have a financially secure retirement."

Initially, those included in secondary pensions will contribute a minimum of 2% of their earnings, of which at least 1% must come from the Employer. Eventually, over the course of nine years, the overall minimum contribution will increase fivefold. Employees will then contribute 6.5% of their earnings, and employers will pay in a minimum of 3.5%.

John Martin, a Partner at BWCI Group and expert on secondary pensions, welcomed the extra details and said that it would provide clarity for Employers to ensure they comply with the new legislation. However, certain aspects of the latest documents do introduce additional complexity for Employers. All Employers will have a number of key issues to consider which they should do well in advance of their launch date. BWCI have already helped a large number of Employers in this area and will continue to do so.

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Notes for Editors

Stephen Ainsworth and John Martin are available for interviews; please call 728432 if you would like to arrange. Mr Ainsworth is also the president of the Guernsey Association of Pension Providers.

Guernsey's secondary pensions model is loosely based on the model that was introduced in the UK in 2012. Jersey States is also looking at its options on auto-enrolment pensions, but is less advanced than Guernsey.

The most recent research, which was commissioned by Guernsey States and carried out in 2017, estimated that there were more than 20,000 people in the Bailiwick workforce that did not have a workplace pension.

In 2023 a full States pension is £250.22 per week, or about £13,000 per year. It is worth pointing out that currently only about a quarter of pensioners receive the full rate, while the rest are on less because they don't meet the full contribution conditions.

BWCI Group

The BWCI Group was established in 1979. It is an independent consultancy and is the largest group of actuaries, consultants, insurance and pensions specialists in the Channel Islands.

The Group provides a broad range of employee benefits, investment and insurance services to clients based in the Channel Islands, the UK and internationally. The BWCI Group employs over 130 staff in its offices in Guernsey and Jersey. BWCI is the Channel Islands member of Abelica Global, the international network of actuaries and consultants.

For more information please visit our website www.bwcigroup.com



Guernsey office	PO Box 68, Albert House South Esplanade, St Peter Port Guernsey, GY1 3BY
Tel	+44 (0) 1481 728432
Fax	+44 (0) 1481 724082
Web	www.bwcigroup.com

Jersey office	Kingsgate House, 55 Esplanade, St Helier Jersey, JE2 3QB
Tel	+44 (0) 1534 880112
Fax	+44 (0) 1534 880113
Web	www.bwcigroup.com