

IOPS JURISDICTION PROFILE: BAILIWICK OF GUERNSEY



DEMOGRAPHICS AND MACROECONOMICS

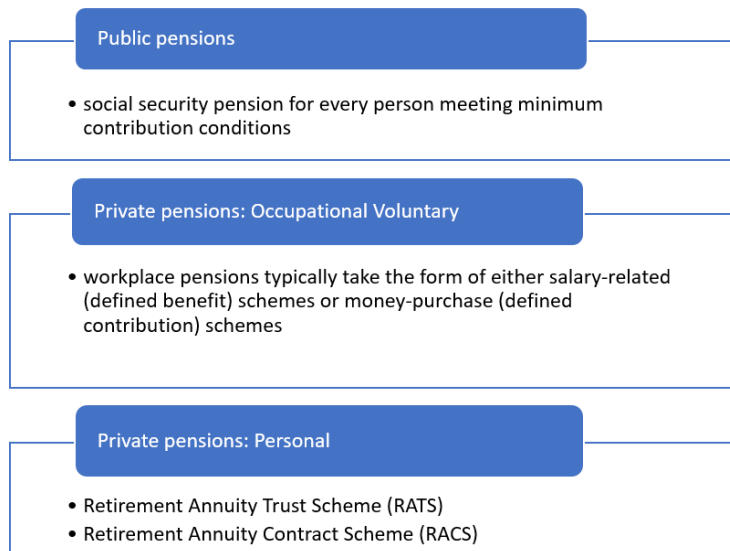
GDP per capita (USD) ²	67,694.57
Population (000s) ²	63
Labour force (000s) ²	31
Employment rate ²	58.2%
Population over 65 (%) ²	20.7
Dependency ratio ¹	42.3

Source:

1. Ratio of over 65-year-olds / labour force.
2. Source: States of Guernsey Electronic Census, September 2021

BAILIWICK OF GUERNSEY: JURISDICTION PENSION DESIGN

STRUCTURE OF THE PENSION SYSTEM



Source: OECD/IOPS Global Pension Statistic

BAILIWICK OF GUERNSEY: THE PENSION SYSTEM'S KEY CHARACTERISTICS

PUBLIC PENSION

There is a public pension (also known as Old Age Pension) provided by the States of Guernsey that is payable to both men and women when they reach pension age which ranges between 65 and 70 depending on the date of birth.

In order to qualify for the full rate of benefits, amounting to GBP 228.37 per week, certain Social Security contribution conditions must be met:

1. At least 156 contributions that count towards benefit have to be paid during working life.
2. For the pension to be paid at the full rate, an average of at least 50 contributions per year must have been made over a 45 year period.

Reduced rates are payable if less than 50 contributions per year have been made.

OCCUPATIONAL VOLUNTARY PRIVATE PENSIONS

An occupational pension scheme may seek approval under section 150 of the Income Tax (Guernsey) Law, 1975.

Coverage

There are no mandated coverage requirements as occupational schemes are voluntary.

Contributions

The employer of an Approved Occupational Pension Scheme is required to contribute to the scheme. If the contribution is an ordinary contribution it will be allowable as a deduction for tax purposes in the accounting period in which it is paid.

A member is not required to contribute to a scheme. Where a member does contribute, member contributions in any year of up 100% of Taxable Income, subject to a monetary cap will be allowable as a deduction for tax purposes.

Benefits

On retirement at any time from age 50 or at an earlier age if due to incapacity:

- a Defined Benefit member may receive a pension calculated in accordance with the scheme rules
- a Defined Contribution member may receive a pension derived from the member's Fund Value.

A member who has attained age 50 may commute up to 30% of his Fund Value for a lump sum.

Taxation

Employers' contributions to an occupational pension scheme are typically exempt from income tax and employees' voluntary contributions to such schemes may be subject to tax relief.

PERSONAL VOLUNTARY PRIVATE PENSIONS

Personal voluntary private pensions in Guernsey are available in the form of Retirement Annuity Trust Schemes (RATS) or Retirement Annuity Contract Schemes (RACS).

A RATS is a type of personal pension scheme, where the pension funds are held in trust and invested on the members' behalf by a Trustee. There are two types of RATS – a personal (individual or bespoke) RATS which can be tailored to meet the member's needs and a multi-member RATS.

A RACS operates in a similar manner, however, the money is held under a contract as opposed to being held in a trust.

Other than approved occupational pension schemes, RATS or RACS are generally the only kind of personal pension available to Guernsey residents.

MARKET INFORMATION

Occupational/personal voluntary

N/A

RECENT REFORM

In February 2020, the States of Guernsey approved proposals for the establishment of a secondary pension policy. The proposals will create a requirement for occupational pensions to be offered to most employed people and it is intended that the proposals will be phased in from 2023.

REFERENCE INFORMATION

KEY LEGISLATION

The Income Tax (Guernsey) Law, 1975

The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020

The Pension Scheme and Gratuity Scheme Rules and Guidance, 2021

KEY REGULATORY AND SUPERVISORY AUTHORITIES

Guernsey Financial Services Commission

KEY OFFICIAL STATISTICAL REFERENCE AND SOURCES ON PRIVATE PENSIONS

States of Guernsey – Data and Analysis

Source map: Central Intelligence Agency, The World Factbook, the United States