

States confirm implementation date for Secondary Pensions

by Stephen Ainsworth and John Martin

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BWCI is encouraging employers not to delay their workplace pension arrangements, after the States have confirmed the implementation date of 1 July 2024 which will result in the biggest transformation to retirement savings the island has ever seen.

The States had formally approved the legislation at their November 2022 meeting but the date which the legislation was going to apply from had not been formally confirmed. Employers will be legally required to offer a workplace pension to their eligible 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. The centrepiece of the secondary pensions scheme is auto-enrolment, which should encourage all Guernsey employees to make long term savings towards a more comfortable retirement.

Stephen Ainsworth, the BWCI Senior Partner said *"We have been talking to States members over at least three political administrations with a view to introducing better pensions' provision and its great news that the implementation date of secondary pensions has now been confirmed by the States. Over the years this will make a real and positive difference to the increasing numbers in our retired population."*

Initially, those included in secondary pensions will contribute 2% of their earnings, 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 contribute 6.5% of their earnings, and employers will pay in with 3.5%.

John Martin, a Partner at BWCI Group, welcomed the confirmation on the implementation date, and said it this would provide welcome clarity for Employers to start planning.

He added that the timescale for the countdown to secondary pensions has now been confirmed. *"This means Employers with existing pension arrangements know the time frame which they may need to make changes to their existing schemes by."*

For those without any pension arrangements, many employers are getting a head start and making sure they are ready to go when the legislation comes into force by establishing pension schemes now.

If you want to find out more about our different pension products in Guernsey, you can speak to our experienced and trusted team on 728432 or email pensions@bwcigroup.com.