

Guidance Notes

Form 127 - Pension Scheme or Gratuity Scheme Annual Return

Explanatory Notes

These Guidance Notes have been prepared to assist licensees with the completion of the Pension Scheme or Gratuity Scheme Annual Return (“Annual Return”) and take into account frequently asked questions raised by Licensees during the first period of completion of the Annual Return.

Holders of a full fiduciary license issued under The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2000, as amended (“the Law”) licensed to carry on the management or administration of a Pension Scheme or a Gratuity Scheme (“Scheme”) must submit an Annual Return in respect of all Schemes that they manage or administer.

The timing of the deadline for the submission of the Annual Return is based upon the Scheme Year End or Agreed Reporting Date provided when a Scheme is first notified to the Commission.

For example where the Scheme with a Year End or Agreed Reporting Date for a Scheme is 31 December 2018 the Licensee is required to submit the Annual Return six months later, i.e. the Annual Return should be submitted by the Licensee before 30 June 2019. An Annual Return for a Scheme with a Scheme Year End or Agreed Reporting Date of 30 April 2019 should be submitted by the Licensee before 31 October 2019.

The Commission understands that at some firms a number of staff will be responsible for inputting certain data and that the Annual Return will be printed off so that it can be checked prior to submission. Those completing the Annual Return online will find guidance within the form but not all of this guidance is available when the return is printed out.

These Guidance Notes include consideration of frequently asked questions raised by Licensees during the first period of completion of the Annual Return.

There are two versions of the Annual Return available on the Online Submissions Portal for completion by Licensees.

Annual Return for individual Schemes

The Form 127a Fiduciary – Pension Scheme or Gratuity Scheme – Annual Return (“Individual Scheme Annual Return”) can be used to submit an Annual Return for an individual Scheme.

Annual Return for multiple Schemes

The Form 127b Fiduciary – Multi-scheme Pension Scheme or Gratuity Scheme Annual Return (“Multi Scheme Annual Return”) can be used to submit Annual Returns for multiple Schemes.

When populating the Multi-scheme Annual Return please make sure that the data within the return represents only those schemes you have selected on the Online Submissions Portal otherwise the return may be rejected.

Care should be taken when completing the Multi-scheme Annual Return to make sure that the formatting of any cells within the spreadsheet is not inadvertently amended, format changes

can also take place if copying and pasting data into the spreadsheet. If the formatting of the spreadsheet is amended you will not be able to upload the Multi Scheme Annual Return via the Online Submissions Portal. The validation checks within the spreadsheet do not relate to the formatting of the cells.

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1 Start

1.1 Introduction

1.2 Pension Provider for the Scheme

The submission of the Annual Return should be made by the Licensee acting as the primary provider to the Scheme.

1.3 Pension Scheme

The name of the Scheme will be automatically populated on the Annual Return. The Scheme name is based on the information submitted to the Commission when the scheme was registered. If you notice an error in the name of the Scheme or the Scheme name has changed please notify the Commission.

1.4 Reporting Period From and To

The “From” field should reflect the start date of the reporting period for the Scheme and the “To” field should reflect the end date of the reporting period for the Scheme, i.e. if the Scheme Year End is 31 December 2018 the “From” date should be 1 January 2018 and the “To” date should be 31 December 2018.

For the avoidance of doubt if you are submitting a Multi Scheme Annual Return, please ensure that the information included is only for Schemes with the same Year End date. For example if you are submitting a Multi Scheme Annual Return for Schemes with a Year End date of 31 December but include a Scheme with a 30 June Year End date you will encounter a submission error.

2 Scheme Information

2.1 Pension Scheme or Gratuity Scheme Information

Scheme Classification

The “Scheme Classification” should accurately reflect the classification of the Scheme as defined in section 2(1)(e) of the Law.

For example, any fund, contract or trust approved by the Director of Income Tax under section 150, 154A, 157A or 157E of the Income Tax Law should reflect a Scheme Classification of A.

Scheme Description

The “Scheme Description” should accurately reflect whether the Scheme is considered a defined contribution scheme, a defined benefit scheme or a hybrid of defined contribution and defined benefit.

On the Multi Scheme Annual Return, the descriptions have been abbreviated as follows:

- defined contribution as DC;
- defined benefit as DB; and
- a hybrid of defined contribution and defined benefit as H.

Scheme Type

Please indicate if the Scheme is an occupational pension scheme or a personal pension scheme.

Retirement Annuity Trust

Please indicate if the Scheme is a Retirement Annuity Trust scheme.

Investment Direction

The Investment Direction approaches applicable to the Scheme should be selected, the “Investment Direction” should reflect whether the Scheme investments are directed by the member, the provider, a third party, or a combination of those investment direction types.

On the Multi Scheme Annual Return, the descriptions have been abbreviated as follows:

- member directed as MD;
- provider directed as PD;
- third party directed as TD;
- member/provider directed as MPD
- member/third party directed as MTD;
- provider/third party directed as PTD; and
- member/provider/third party directed as MPTD.

2.2 Number of Members

Please complete each box confirming the total number of members of the Scheme, the number of active members, the number of deferred members and the pensioner members.

The sum of the active, deferred and pensioner members of the Scheme should be equal to the total number of members of the Scheme.

2.3 Is the Scheme open to new members

The appropriate option should be selected to confirm whether the Scheme is currently open to new members or closed to new members.

2.4 What services are you providing to the Scheme?

The relevant services being provided to the Scheme by the Licensee should be selected from the options available, i.e. Trustee and Administrator, Trustee only, or Administrator only.

2.5 Number of member transfers from the Scheme taking longer than 6 months from the agreement of the transfer value to complete

State the number of instances during the reporting period of member transfers out of the Scheme taking longer than 6 months to complete from the agreement of the transfer value with the member.

For the avoidance of doubt this should include transfers agreed prior to the beginning of the reporting period where the expiration of the 6 month period occurs in the current reporting period.

2.6 Number of instances of employer/third party contributions not received within 60 days of the date agreed in the contribution schedule

State the number of instances of employer/third party contributions have not been received within 60 days of the date agreed in the contribution schedule for the Scheme within the current reporting period.

2.7 Business from Sensitive Sources

State whether the Scheme has any members from jurisdictions on the Business from Sensitive Sources Notices (“BSSN”).

If yes the please state the number of members in that BSSN jurisdiction.

Licensees should note that the guidance within the Multi Scheme Annual Return asks “1. Did the Scheme have any members from jurisdictions on the BSSN list? Including any jurisdictions that were removed from the list either during or after the reporting period.” and “2. If you answered ‘Yes’ to question 1, the please state the number of members in that jurisdiction.”.

It is noted that some licensees reported the number of members in every jurisdiction, including non-BSSN jurisdictions, when completing the Multi Scheme Annual Return. For the avoidance of doubt if you answer “Yes” to the question of the Scheme having member from a BSSN jurisdiction you will only need to report the number of members in that BSSN jurisdiction. For example, if there were 2 members of the Scheme from jurisdiction X which is

a jurisdiction on the BSSN list and there were 100 members from jurisdiction Y which is not on the BSSN list you would only need to report in relation to the 2 members from jurisdiction X in relation to the Scheme.

3 Financial Information

All values used for a Scheme should be reported in GBP to the nearest whole number. If you are completing the Multi Scheme Annual Return the fields should not permit the inclusion of decimal places nor spaces, however please ensure that the formatting is not changed otherwise the return may be rejected.

3.1 Is there a previous set of Financial Statements?

You should indicate whether there is a set of previous financial statements for the Scheme.

This is not a mandatory question and we understand that there will be circumstances where a Scheme will not have a previous set of financial statements.

3.2 Period End date of the last finalised set of Financial Statements

If you answered 'yes' to the question regarding the previous set of Financial Statements please state the period end date of the last finalised set of financial statements for the Scheme.

For example, if the last finalised set of financial statements for the Scheme relate to the year ended 31 December 2016 you should reflect that date.

3.3 Previous Scheme year end or agreed reporting date

You should indicate the previous year end or agreed reporting date for the Scheme. For the avoidance of doubt, the date reported for previous Scheme Year End or Agreed Reporting Date is not necessarily the same as the date of the last finalised set of Financial Statements. It is recognised that there will be circumstances where either a Scheme will not have a previous set of financial statements or where there will be a delay in the completion of a set of financial statements.

For example, if you are completing the Annual Return for the period end date of 31 December 2018, it is likely that the previous year end date for the Scheme will be 31 December 2017.

3.4 Total Market Value of the Scheme as at the previous Scheme year end or agreed reporting date in GBP

You should indicate the total value of the Scheme as at the previous Scheme Year End or Agreed Reporting Date in GBP.

For example, if the previous Scheme Year End is 31 December 2017 and the total value of the Scheme was £100,000 that is the figure that should be reported.

3.5 Total contributions received (including transfers in) during the Reporting Period in GBP

You should indicate the total contributions made to the Scheme and the total transfers made into the Scheme during the reporting period.

For example, if completing the Annual Return for the period from 1 January 2018 to 31 December 2018 and total contributions of £10,000 were made to the scheme together with

transfers into the scheme of £5,000 during that period the total of £15,000 should be the figure reported in the relevant Annual Return.

3.6 Total benefits paid and transfer out in the Reporting Period in GBP

You should indicate the total benefits paid out of the Scheme and the total transfers out of the Scheme during the reporting period.

For example, if completing the Annual Return for the period from 1 January 2018 to 31 December 2018 and total benefits of £10,000 were paid the scheme together with transfers out of the scheme of £5,000 during that period you should report the figure £15,000 in the relevant Annual Return.

3.7 Total income received in the Reporting Period in GBP

You should indicate the total income received by the Scheme in the reporting period here. This information to be reported does not include any unrealised gains.

For example, you might include items such as any bank interest received, dividend income received or loan interest received within this field.

During preparation for submission of the first Annual Returns the Commission received queries regarding the inclusion of investment gains in this section. For the avoidance of doubt, it is not intended for investment gains to be included in the field for total income received in the reporting period.

3.8 Total expenses incurred in the Reporting Period in GBP

You should indicate the total expenses of the Scheme in the reporting period here.

For example, you might include items such as legal fees, bank charges, investment management fees, trustee fees, actuarial fees within this field.

During preparation for submission of the first Annual Returns the Commission received queries regarding the inclusion of investment losses in this section. For the avoidance of doubt, it is not intended for investment losses to be included in the field for total expenses received in the reporting period.

3.9 Total Market Value of the Scheme at the Scheme year end or agreed reporting date in GBP

You should indicate the total value of the Scheme as at the scheme year end or agreed reporting date in GBP.

For example, if the scheme year end is 31 December 2018 and market value of the Scheme was £100,000 at 31 December 2018 that is the figure that should be reported.

3.10 The Total Market Value of the Scheme is equal to £0, are there any investments to declare?

Where the total value of the Scheme is reflected as £0 at the Scheme Year End or Agreed Reporting Date the Licensee must confirm if there are any investments.

3.11 Total increase/decrease in GBP value within the Reporting Period

The figure in this field is automatically calculated.

The Commission has seen instances where Multi Scheme Annual Returns submitted by Licensees have multiple instances of Schemes reflecting a £0 movement in the total value of the Scheme during the Annual Return period. Whilst it is possible that a Scheme might have a £0 movement in the course of the year, the reporting of a £0 figure might indicate that the information included in the fields for the previous year end value, the contributions received, benefits paid, income received, expenses paid columns or year end value may be incorrect.

3.12 Please explain why the Market Value of the scheme has increased or decreased 15%

You should explain why the Market Value of the scheme has increased or decreased by 15% during the period to the Scheme Year End or Agreed Reporting Date.

3.13 Please explain why the Market Value is less than £1,000

You should explain why the Total Market Value of the Scheme is less than £1,000 at the Scheme Year End or Agreed Reporting Date.

The Commission understands that there might be incidences where Schemes at the beginning or the end of the life cycle might have a value of less than £1,000.

3.14 Licensee revenue from Scheme during the Reporting Period in GBP (e.g. licensee fees and charges)

Any revenue received directly from the Scheme during the period to the Scheme Year End or Agreed Reporting Date should be declared here.

For the avoidance of doubt the Licensee revenue from the Scheme should also be included in the total scheme expenses described at 3.8.

3.15 Any other income generated for the licensee by the Scheme during the period (e.g. retrocessions)

Any other revenue generated for the licensee in relation to the Scheme during the period to the Scheme Year End or Agreed Reporting Date, such as retrocessions or commissions should be declared here.

4 Investment Information

All values used should be reported in GBP to the nearest whole number. If you are completing the Multi-scheme Annual Return the fields should not permit the inclusion of decimal places, however please ensure that the number formatting is not changed otherwise the return may be rejected when you attempt to submit through the Online Submissions Portal.

4.1 Investments to Declare

This is a Yes or No question; if you have investments to declare please select “Yes”.

4.2 Cash held at Bank (GBP)

You should declare the total value of Cash held at Bank at the Scheme Year End or Agreed Reporting Date.

4.3 Cash or Money Market Funds (GBP)

You should declare the total value of Cash or Money Market Funds held at the Scheme Year End or Agreed Reporting Date.

4.4 Listed Equity (GBP)

You should declare the total value of Listed Equities held at the Scheme Year End or Agreed Reporting Date.

4.5 Non-listed Equity (GBP)

You should declare the total value of Non-listed Equities held at the Scheme Year End or Agreed Reporting Date.

4.6 Sovereign, Government and Local Authority Bonds

You should declare the total value of Sovereign, Government and Local Authority Bonds held at the Scheme Year End or Agreed Reporting Date.

4.7 Corporate Bonds and Loan Notes (GBP)

You should declare the total value of Corporate Bonds and Loan Notes held at the Scheme Year End or Agreed Reporting Date.

For the avoidance of doubt, where there are instances of a Scheme having made loans to the member that figure should be reflected in this field.

4.8 Directly Held Physical Assets (GBP) (e.g. property, planes, yachts, gold, jewellery or art)

You should declare the total value of Directly Held Physical Assets held at the Scheme Year End or Agreed Reporting Date.

4.9 Indirectly Held Physical Assets (GBP) (e.g. exchange traded commodities or REITS)

You should declare the total value of Indirectly Held Physical Assets held at the Scheme Year End or Agreed Reporting Date.

4.10 Investment Products (GBP) (including funds, structured products, ETFs, collective investment schemes, UCIS, PIBS, investment trusts)

You should declare the total value of Investment Products held at the Scheme Year End or Agreed Reporting Date.

4.11 Insurance Products (GBP)

You should declare the total value of Insurance Products held at the Scheme Year End or Agreed Reporting Date.

4.12 Total Value of Investments (GBP)

The figure in this field is automatically calculated and is the sum of the individual elements listed in 4.1 to 4.11. If the figure for Total Value of Investments does not match the figure for Total Market Value on the Financial Information tab a validation error will be displayed.

Declaration

In order to submit the return you will need to confirm that you agree the declaration, which is as follows:

This form is now ready for submission. By clicking SUBMIT below, you are confirming that the information supplied is complete and correct to the best of your knowledge and belief at the time of submission and that there are no other facts of which the Guernsey Financial Services Commission should be aware.

By submitting you also undertake to inform the Commission, without delay, of any material changes to the information supplied on this form.