



January 25, 2021

REF: PEN 2021-01

REGULATORY REMINDER

Employer's obligations - Required payments prior to wind-up

Outstanding Payments

1. The Financial Services Commission ("Commission") reminds employers, administrators and service providers that, where a pension plan is being wound-up (in part or in whole), the employer is required to pay into the pension fund all payments that are due or that have accrued but have not yet been paid in accordance with the provisions of the *Occupational Pensions Benefits Act Cap 350B* ("OPBA") and its regulations.

Prohibition re: Purchase of Annuities

2. The Commission also reminds employers, administrators and service providers that, pursuant to regulation 56 (2) of the Occupational Pension Benefits Regulations, 2011, **the assets of a pension plan shall not be used to purchase an annuity** where the employer is required to make payments into the pension plan under section 67 of the OPBA.
3. The payments referenced above include amounts that provide for the payment of:
 - a. All benefits under the pension plan on the date of winding-up including the accumulated value of the contributions of the employer, the accumulated value of all members' contributions (where required) and/or voluntary contributions that have been deducted from the members' wages or salary; and
 - b. All reasonable costs of winding-up the pension plan.
4. This reminder is not intended to substitute or replace any obligations under the OPBA, its regulations or the Financial Services Commission Act, 2010-21.