



# 2020 BUDGET OF INCOME AND EXPENDITURE



**PUBLIC SERVICE PENSION FUND****BUDGET 2020**

| DESCRIPTION   | ESTIMATE 2020  | ESTIMATE 2019 | ACTUAL 2019    | INCREASE/<br>DECREASE | VARIANCE |
|---|----------------|---------------|----------------|-----------------------|----------|
| TOTAL INCOME  | \$ 7,319,764   | \$ 9,175,691  | \$ 7,041,293   | \$ (1,855,927)        | -20.23%  |
|   |                |               |                |                       |          |
| TOTAL RECURRENT EXPENDITURE   | \$ 8,379,000   | \$ 6,779,000  | \$ 8,049,682   | \$ 1,600,000          | 23.60%   |
|   |                |               |                |                       |          |
| TOTAL OPERATIONAL & ADMINISTRATIVE<br>EXPENDITURE                                   | \$ 921,538     | \$ 872,027    | \$ 724,145     | \$ 49,511             | 5.68%    |
|   |                |               |                |                       |          |
| EXCESS (DEFICIT) INCOME OVER (UNDER)<br>OPERATIONAL & ADMINISTRATIVE<br>EXPENDITURE | \$ (1,980,774) | \$ 1,524,664  | \$ (1,732,534) | \$ (3,505,438)        | -229.92% |
|   |                |               |                |                       |          |
| TOTAL CAPITAL EXPENDITURE   | \$ 81,000      | \$ 118,000    | \$ 37,185      | \$ (37,000)           |          |
|   |                |               |                |                       |          |
| TOTAL NET INCOME (DEFICIT)  | \$ (2,061,774) | \$ 1,406,664  | \$ (1,769,719) | \$ (3,468,438)        | -220.86% |
|   |                |               |                |                       |          |

**Approved by: Public Service Pension Board****Date : January 31, 2020**Chairman: *Mrs. Kathleen Rogers*Finance Manager: *Mr. Girdon Connor*

## BUDGET 2020

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**PUBLIC SERVICE PENSION FUND**

**BUDGET 2020**

| Heads/ Sub-Heads | DESCRIPTION                                   | ESTIMATE 2020       | ESTIMATE 2019       | ACTUAL 2019         | INCREASE/ (DECREASE)  | VARIANCE       |
|------------------|---|---------------------|---------------------|---------------------|-----------------------|----------------|
|                  | <b>RECURRENT EXPENDITURE</b>                  |                     |                     |                     |                       |                |
|                  | <b>Pension Costs</b>                          |                     |                     |                     |                       |                |
| Direct Costs     | Gratuity Payments- Public Service             | \$ 3,600,000        | \$ 3,000,000        | \$ 3,811,811        | \$ (600,000)          | -16.67%        |
| Direct Costs     | Retirement Pensions- Public Service           | \$ 3,700,000        | \$ 3,100,000        | \$ 4,237,078        | \$ (600,000)          | -16.22%        |
| Direct Costs     | Survivor Pensions- Public Service             | \$ 85,000           | \$ 85,000           | \$ 794              | \$ -                  | 0.00%          |
| Direct Costs     | Pension Refunds                               | \$ 400,000          |                     |                     |                       |                |
|                  | <b>Subtotal- Public Service Pension Costs</b> | <b>\$ 7,785,000</b> | <b>\$ 6,185,000</b> | <b>\$ 8,049,682</b> | <b>\$ (1,600,000)</b> | <b>-20.55%</b> |
| Direct Costs     | Gratuity Payments- Police                     |                     | \$ -                |                     | \$ -                  | 0.00%          |
| Direct Costs     | Survivor Pensions- Police                     | \$ 20,000           | \$ 20,000           | \$ -                | \$ -                  | 0.00%          |
| Direct Costs     | Police Pensions                               | \$ 574,000          | \$ 574,000          | \$ -                | \$ -                  | 0.00%          |
|                  | <b>Subtotal- Police Pension Costs</b>         | <b>\$ 594,000</b>   | <b>\$ 594,000</b>   |                     | <b>\$ -</b>           | <b>0.00%</b>   |
|                  | <b>TOTAL RECURRENT EXPENDITURE</b>            | <b>\$ 8,379,000</b> | <b>\$ 6,779,000</b> | <b>\$ 8,049,682</b> | <b>\$ (1,600,000)</b> | <b>-19.10%</b> |
|                  |   |                     |                     |                     |                       |                |
| <b>6000</b>      | <b>EXPENDITURE- ADMINISTRATIVE</b>            |                     |                     |                     |                       |                |
| 6002-6007        | Staff Salaries                                | \$ 532,450          | \$ 485,139          | \$ 467,403          | \$ (47,311)           | -8.89%         |
| 6008             | Ex-Gratia/ Bonus Payments                     | \$ 18,000           | \$ 12,000           | \$ 31,278           | \$ (6,000)            | -33.33%        |
|                  | Responsibility Allowance                      | \$ 10,000           | \$ -                | \$ -                | \$ (10,000)           | -100.00%       |
| 6021             | Wages for Cleaner                             | \$ 4,800            | \$ 4,200            | \$ 4,200            | \$ (600)              | -12.50%        |
| 6020             | Social Security Contributions                 | \$ 17,248           | \$ 17,248           | \$ 14,333           | \$ (0)                | 0.00%          |
| 6018             | Pension Contributions for employees           | \$ 14,000           | \$ 13,400           | \$ 12,323           | \$ (600)              | -4.29%         |
| 6016             | Employee Medical Insurance                    | \$ 27,340           | \$ 27,340           | \$ 25,061           | \$ -                  | 0.00%          |
| 6021             | Other Administrative Expenses                 | \$ 2,000            | \$ 2,000            |                     | \$ -                  | 0.00%          |
|                  | <b>TOTAL ADMINISTRATIVE EXPENDITURE</b>       | <b>\$ 625,838</b>   | <b>\$ 561,327</b>   | <b>\$ 554,599</b>   | <b>\$ (64,511)</b>    | <b>-10.31%</b> |
| <b>6500;6800</b> | <b>EXPENDITURE- OPERATIONAL</b>               |                     |                     |                     |                       |                |
| 6522             | Rent  | \$ 31,200           | \$ 31,200           | \$ 33,800           | \$ -                  | 0.00%          |
| 6524             | Electricity                                   | \$ 12,000           | \$ 8,000            | \$ 8,314            | \$ (4,000)            | -33.33%        |
| 6526             | Water   | \$ -                | \$ -                | \$ -                | \$ -                  | 0.00%          |
| 6532             | Office Supplies- printing, stationery         | \$ 7,000            | \$ 5,000            | \$ 6,103            | \$ (2,000)            | -28.57%        |
| 6530             | Office Maintenance                            | \$ 2,500            | \$ 2,500            | \$ -                | \$ -                  | 0.00%          |

**PUBLIC SERVICE PENSION FUND**

**BUDGET 2020**

| Heads/ Sub-Heads | DESCRIPTION                          | ESTIMATE 2020     | ESTIMATE 2019     | ACTUAL 2019       | INCREASE/ (DECREASE) | VARIANCE      |
|------------------|--------------------------------------|-------------------|-------------------|-------------------|----------------------|---------------|
| 6821             | Overseas Travel and Subsistence      | \$ 5,000          | \$ 5,000          | \$ -              | \$ -                 | 0.00%         |
| 6850             | Meals and Entertainment              | \$ 5,000          | \$ 5,000          | \$ 4,903          | \$ -                 | 0.00%         |
| 6534             | Travel Allowance                     | \$ 3,000          | \$ 2,000          | \$ 1,908          | \$ (1,000)           | -33.33%       |
| 6800             | Other Operational Expenses           | \$ 10,000         | \$ 5,000          | \$ 9,043          | \$ (5,000)           | -50.00%       |
| <b>6600</b>      | <b>Professional Fees</b>             |                   |                   |                   | \$ -                 |               |
| 6612             | Actuarial Fees                       | \$ 95,000         | \$ 27,000         | \$ 11,956         | \$ (68,000)          | -71.58%       |
| 6610             | Audit Services                       | \$ 95,000         | \$ 190,000        | \$ 90,840         | \$ 95,000            | 100.00%       |
| 6606             | Comprehensive Review of Pension Act  |                   | \$ -              |                   | \$ -                 |               |
| 6606             | IT Support & Services                | \$ 15,000         | \$ 15,000         | \$ -              | \$ -                 | 0.00%         |
| 6606             | Training & Development               | \$ 15,000         | \$ 15,000         | \$ 2,680          | \$ -                 | 0.00%         |
|                  | <b>TOTAL OPERATIONAL EXPENDITURE</b> | <b>\$ 295,700</b> | <b>\$ 310,700</b> | <b>\$ 169,546</b> | <b>\$ 15,000</b>     | <b>5.07%</b>  |
|                  |                                      |                   |                   |                   |                      |               |
|                  |                                      |                   |                   |                   |                      |               |
|                  | <b>CAPITAL EXPENDITURE</b>           |                   |                   |                   |                      |               |
| 822;1286:1288    | Office Furniture/Equipment           | \$ 5,000          | \$ 10,000         | \$ 10,652         | \$ 5,000             | 100.00%       |
| 1284             | Computer Equipment                   | \$ 24,000         | \$ 5,000          | \$ -              | \$ (19,000)          | -79.17%       |
| 1282             | Software                             | \$ 50,000         | \$ 100,000        | \$ 16,590         | \$ 50,000            | 100.00%       |
|                  | PSPF Website                         | \$ 2,000          | \$ 8,000          | \$ 9,944          | \$ 6,000             | 300.00%       |
|                  | <b>TOTAL CAPITAL EXPENDITURE</b>     | <b>\$ 81,000</b>  | <b>\$ 118,000</b> | <b>\$ 37,185</b>  | <b>\$ 37,000</b>     | <b>45.68%</b> |
|                  |                                      |                   |                   |                   |                      |               |

## **PUBLIC SERVICE PENSION FUND BUDGET 2020**

### **Explanatory Notes**

#### **INCOME**

##### ***4030 Pension Income***

In prior years Pension Income was divided into two main categories; Contributions from the Public Service and Contributions from Police Officers. Contributions were received at 3% of Pensionable Emoluments for the Public Service and 4% for Police Officers. Now Police officers also pay 3% and are rolled into the Public Service scheme. Amount includes annual contributions due on substantive salaries for Government employees and Contributions receivable from AASPA.

##### ***Pension Refunds***

For 2020, refunds payments budget increase due to many resignation increase by EC\$150,000. it is expected that the figure may increase in 2020. The interest rate of 2% is expected to remain constant.

##### ***4085 Income from Investments***

Interest Income is expected to increase due to the payment of interest and repayment of 1/10 of the principal for funds held in the DPT.

##### ***4088 Income from Pension Fund Loans***

The Pension Board will continue to lend funds to Contributors at an interest rate of 6%. This rate includes 0.5% for Administrative costs. A maximum of EC\$15 million has been allocated for lending to Contributors. For 2020, it is expected that at least EC\$6 million will be allocated to Contributions as the Fund expands this programme in the face of decreasing interest rates on Bank Deposits.

##### ***4061 Income from Chequing Account***

Interest earned from the chequing account is expected to be lower due to smaller balances being maintained on the interest bearing chequing account at NCBA. No interest is paid on the funds held at Scotiabank.

##### ***Other Income***

**4063-** A monthly Administrative fee of EC\$10 per pensioner is charged for facilitating pensioner payments. This fee is now mandatory. There is also a 5% commission charged to Life Insurance companies for making payments on behalf of pensioners.

**4064** - The loan application fee is EC\$50 and it is estimated over 500

## **PUBLIC SERVICE PENSION FUND**

### **BUDGET 2020**

#### **RECURRENT EXPENDITURE**

##### ***Public Service Pension Costs***

It is expected that Nineteen (19) persons will reach the retirement age of 60 or 65 this year. These persons have served for long periods and hence their gratuity and pension payments will be substantial.

An additional amount of EC\$400,000 has been included for discounted gratuity payments and outstanding gratuities.

##### ***Police Officers Pension Costs***

New Police Officers can be paid from the Government.

#### **6000 ADMINISTRATIVE EXPENDITURE**

##### ***6002, 6003, 6004, 6005, 6007, 6008 Salaries***

Salaries are expected to increase by a 1% increment for current staff payable beginning January 2020 with the exception of the Administrator.

The Administrator position was regraded along with the Finance Manager position. Administrator remained in grade B and the Finance manager remained in a D grade. The position of Finance Manager Manager is expected to be filled early this year.

An amount of EC\$18,000 has been added for possible Ex-Gratia and or Staff Bonus payments.

A temporary employee line item has been added to the budget to cover unexpected lengthy absences to ensure full staffing at all times.

##### ***6006 Board Fees***

Current Fee Structure; Chairman \$1,000.00 per month; Board Members \$850.00 per month

##### ***6021 Wages for Cleaner***

Wages are now paid monthly at a rate of EC\$350.00.

##### ***6020 Social Security Contributions***

A 5% match of gross salary is paid per employee per month and \$350 for those employees at the Social Security ceiling.

##### ***6016 Employees Medical Insurance***

Monthly non-wage employees receive medical insurance at a rate of \$400.00 per employee per month.

#### **6500 OPERATIONAL EXPENDITURE**

Includes Telephone, Bank Charges, Office Expenses and Other Operational Expenses.

## **PUBLIC SERVICE PENSION FUND**

### **BUDGET 2020**

#### ***6522 Rent***

Rent for the office space is now \$2,600 per month for the two units. This is stated in the annual Rental Contract Agreement.

#### ***6526 Water***

The new office space is connected to a cistern and no charges have been billed for water.

#### ***Other Operational Expenses***

#### ***6612 Acturial Fees***

No major Actuarial Reviews are expected in 2020. However, EC\$27,000 has been set aside for consultation.

#### ***6610 Audit Fees***

The amount allocated is expected to cover the costs for Auditing the 2018 to 2019 Financial Statements.

#### ***6606 Training & Development***

The Board has again committed EC\$15,000 to this year's training budget to provide staff with opportunity enhance and refresh their skills. Emphasis will be placed on training in accounting, loans and related lending topics.

#### ***6606 IT Support & Services***

The budgeted amount includes EC\$15,000 for the Annual Maintenance of the Pension System.

### **CAPITAL EXPENDITURE**

#### ***6822 Office Rennovations and Furniture***

No major renovations are expected in 2020. However, there is still the need for additional desks draws and chairs for the Pension Office.

#### ***1282 Software***

There is a need to obtain a system that can make the tracking of loans more efficient and less time consuming. It takes a considerable amount of time to reconcile monthly loan payments given that there are over 500 outstanding loans.

Contact has been made with MIMICS Software company to provide not only a loan system but also a solution for the entire Pension Fund.

Cost estimates for both systems are approximately EC\$05,000 in total. This cost does not include travel or other installation expenses.