PUBLIC SERVICE PENSIONS BOARD

2023

ANNUAL REPORT AND ACCOUNTS

PSPB
PUBLIC SERVICE
PENSIONS BOARD
Securing Tomorrow, Together

Vision

Deliver excellence in member services – securing tomorrow, together

Mission

Be recognized as best in class for investments and member services

Values

- Professionalism
- Kindness
- Integrity
- Respect
- Innovation
- Partnership
- Performance

A look inside the Annual Report

2023 Administration Milestones

2,321

Plan Member Files Processed

836

Members Enrolled in the Plan

160

New Retirements Processed

98

Cash-outs and Transfers Processed

25

Transfers into the Plan Received

2023 Investment Milestones

$1.15

KYD Billion in Assets

19.0%

PSPB Fund Return

$182

KYD Million Gross Investment Income in the PSPB Fund

Under

$6.7

KYD Million in Total Investment Expenses

$74

KYD Million in Contributions Received

Message from the Chair and CEO

On behalf of the Public Service Pensions Board (PSPB), we are pleased to present the Annual Report for the year ended 31 December 2023.

Message from the Chair and CEO (continued)

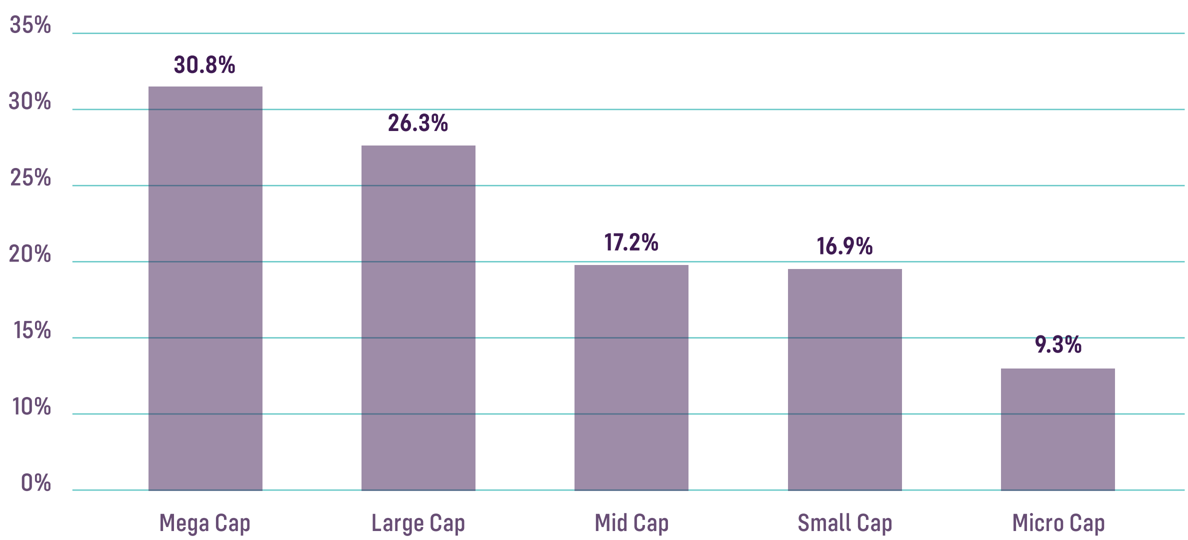
This past year presented new challenges following a period of unique circumstances resulting from rapid inflation, increasing plan member expectations and having to continue to prove that stakeholder confidence in the PSPB continues to be well founded. Throughout 2023, the Board of Directors, our management team and staff demonstrated the ability to innovate during these new times and deliver even when we had to operate with fewer key personnel. When we review 2023, it again shows the Authority at all levels worked to deliver on our mission of "Excellence in Member Services".

As the pension leader in the Cayman Islands, the Public Service Pensions Fund continues to be the standard, and as of 31 December 2023, the market value of the Fund was $1.134 Billion KYD. This was achieved through sound management of the Fund and an exceptional return of 19.0% for the Fund for the year. It was this return that ranked the PSPB Fund in the top 1 percentile of its peer group for performance in the year.

Coming into 2023 many experts were calling for a recession, following the aggressive monetary policy tightening by the US Federal Reserve in 2022 (they increased rates by over 4% in 2022). Remarkably, despite a calendar year in which a recession was the consensus forecast, GDP growth and unemployment remained unexpectedly robust, and inflation continued to decline closer to the Federal Reserve's target. No recession occurred in 2023.

In US equity markets, dispersion of contributors was very narrow in 2023 with notably relatively few stocks (mainly large technology companies) accounting for most of the gains driven by optimism over artificial intelligence ("AI") technology. Large cap stocks led the way, significantly outpacing smaller cap stocks.

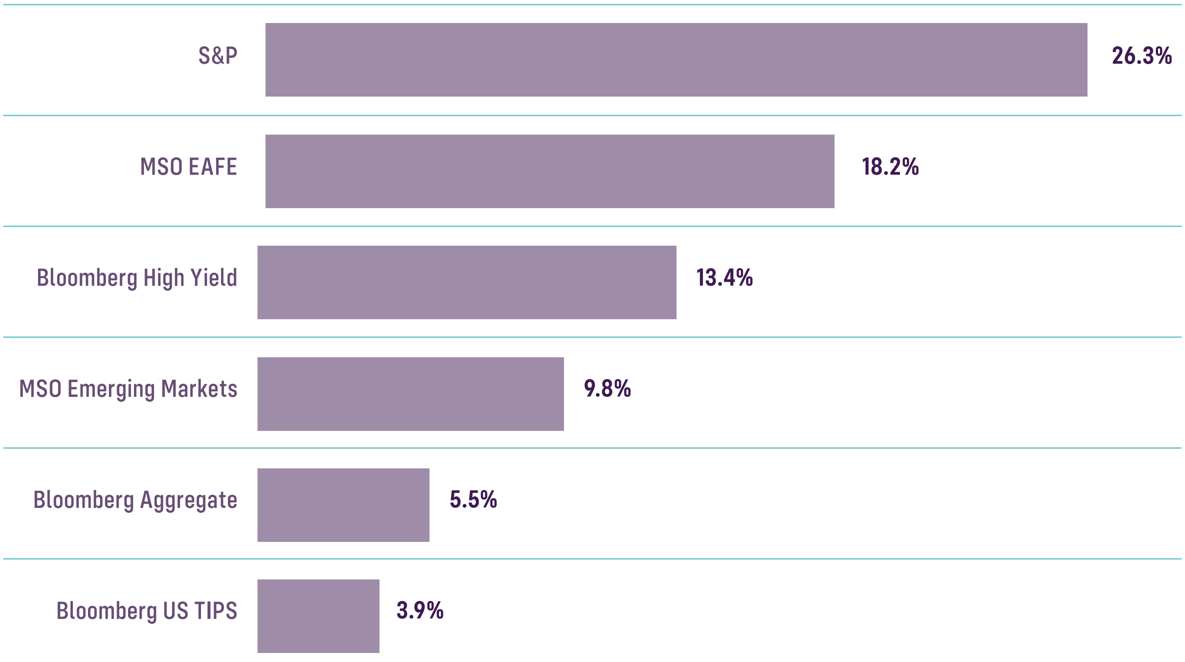
2023 Equity Returns by Market Cap



Equity markets started the year in positive territory and never looked back despite some pullback in the third quarter. Most fixed income was in negative territory for three of the four quarters through the year (as the US Fed continued to raise rates) but finished the year in positive territory as the result of Fed rhetoric in fourth quarter of 2023. The fourth quarter was the best quarter for both fixed income and equity markets as economic data started to come in below expectations and optimism built that major central banks could start cutting rates in 2024. This shift in sentiment rekindled the broad risk-on environment experienced earlier in 2023.

Message from the Chair and CEO (continued)

2023 Index Returns



A strong 2023 also meant that quarterly returns on member accounts throughout the year were all positive. This was achieved through the PSPB's approach of smoothing any market volatility by using our credited rate of return in applying interest to our plan members' pension accounts.

The Authority made significant strides in the year as we improved our cybersecurity framework and we remain focused on ensuring the PSPB advances standards and protections for all information technology activity. As technology continues to advance, PSPB will continue to prioritize data quality and invest in robust data management practices to harness the full potential of data-driven insights. This has been and will continue to be achieved through the promotion and delivery of quality service through innovation while balancing against incident awareness and risk management.

In 2024, we will invest in areas that enhance Member Services. We will also complete major initiatives relating to the system self-service, risk management, appropriate oversight within the Authority and increased audit functions. Lastly, we will support the Authority to execute key deliverables that will best serve plan members and that will continue our attention to ensuring the long-term strategic focus for the PSPB.

We are confident that over the next year, we will continue to enhance services and retirement income for our members who have served the Cayman Islands.

Sincerely,

Mrs. Sheree Ebanks Cert. Hon.
Chair of the Board

J C Lindsey

Mrs. Jewel Evans Lindsey Cert. Hon.
Chief Executive Officer

Governance Information and Highlights

Board of Directors

The Public Service Pensions Board (PSPB), which was originally established in 1992, is responsible for the administration of the Fund and the payment of all pensions and other benefits in accordance with the Act. The Board is the corporate body charged with governance, and its fiduciary responsibilities focus on strategy and ensuring accountability of the Chief Executive Officer (CEO) and executive management. The Board is also responsible for oversight over the administration of the Public Sector Pension Plans of the PSPB and management of the Fund. Pension corporate governance dictates that the Board be comprised of industry experts and other professionals skilled and qualified to act prudently on behalf of and in the best interests of all members.

The work of the Board is reflective of the broad spectrum of long-term risks and opportunities in the global economy and the financial markets, taking into account the actuarial assumptions and funding requirements of the Plans, and maintaining adequate liquidity to meet the required benefit payments to plan members and expenses of the Plans. At 31 December 2023, the Board was comprised of the members noted below.

Mrs. Sheree Ebanks Cert. Hon.
Chair of the Board

Mrs. Jewel Evans Lindsey Cert. Hon.
Chief Executive Officer
Administrator
All Board Committees

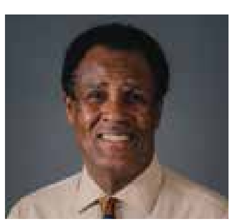
Mr. Robin Ellison
Governance Committee Chair

Mr. Simon Cawdery, CFA
Investment Committee Chair

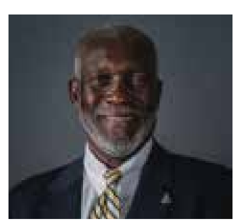
Mr. Bryan Bothwell, MBE
Audit and Risk Committee Chair

Mrs. Gloria McField-Nixon, JP
Governance Committee

Mr. Kenneth Jefferson, JP
Audit and Risk Committee
Investment Committee



Mr. James Watler, M.ED., JP
Investment Committee



Mr. Orrett Connor, MBE, JP
Audit and Risk Committee

In 2023, the PSPB processed a total of 160 new retirements

and these pensioners are now receiving a lifetime monthly benefit.

Attendance Register 2023

✔ = Attendance ✖ = Apologies

PSPB Board Meeting

	10 March	14 July	10 October	08 December
Mrs. Sheree Ebanks	✔	✔	✔	✔
Mrs. Jewel Evans Lindsey	✔	✔	✔	✔
Mr. Kenneth Jefferson	✔	✖	✖	✖
Mr. James Watler	✔	✔	✔	✔
Mrs. Gloria McField-Nixon	✔	✔	✔	✖
Mr. Orrett Connor	✔	✔	✔	✔
Mr. Robin Ellison	✔	✔	✔	✔
Mr. Simon Cawdery	✔	✔	✔	✔
Mr. Bryan Bothwell	✔	✔	✔	✔

PSPB Audit and Risk Committee

	07 March	24 March	03 October	01 December
Mr. Bryan Bothwell	✔	✔	✔	✔
Mr. Kenneth Jefferson	✔	✔	✔	✖
Mrs. Jewel Evans Lindsey	✔	✔	✔	✔
Mr. Orrett Connor	✔	✔	✔	✔

PSPB Investment Committee

	07 March	24 March	03 October	01 December
Mr. Simon Cawdery	✔	✔	✔	✔
Mrs. Sheree Ebanks	✔	✔	✔	✔
Mrs. Jewel Evans Lindsey	✔	✔	✔	✔
Mr. James Watler	✔	✔	✔	✔
Mr. Kenneth Jefferson	✖	✖	✖	✖
Mrs. Camilla Anderson	✔	✔	✔	✔
Mr. Robin Ellison (Invitee)	✔	✔	✔	✔

PSPB Governance Committee

	09 March	12 July	09 October	06 December
Mr. Robin Ellison	✔	✔	✔	✔
Mrs. Jewel Evans Lindsey	✔	✔	✔	✔
Mrs. Gloria McField-Nixon	✔	✔	✔	✔
Mrs. Sheree Ebanks (Chair of the Board) (Invitee)	✔	✔	✔	✔

PSPB Long-Term Strategic Plan: Destination 2030

A longer-term strategic plan culminating in 2030 is critical for a number of reasons. The composition of our membership and their needs have changed over these past decades and this strategic plan creates a unique opportunity to re-evaluate the Authority – its purpose, vision, mission, values and culture – through the lens of its membership and the Government, its principal sponsor and stakeholder. A fresh, bold vision should emerge as we establish:

- A "member-first" service-oriented platform, delivering exceptional value and service
- A governance model that is effective and collaborative
- A world-class investment platform, highly focused on the right strategic markets and partners
- A disciplined, prudent and risk-conscious stewardship that meets the changing needs of stakeholders
- An Authority that is an industry-leading employer with an exceptional workplace environment

The PSPB Business Plan for 2024 and 2025 covers a set of strategic activities and the second and third year of the 7-year strategic plan. When you examine Destination 2030, the PSPB continues to forge our strategic objectives around alignment with our vision, mission, and values.

Board Governance Outlook for 2024

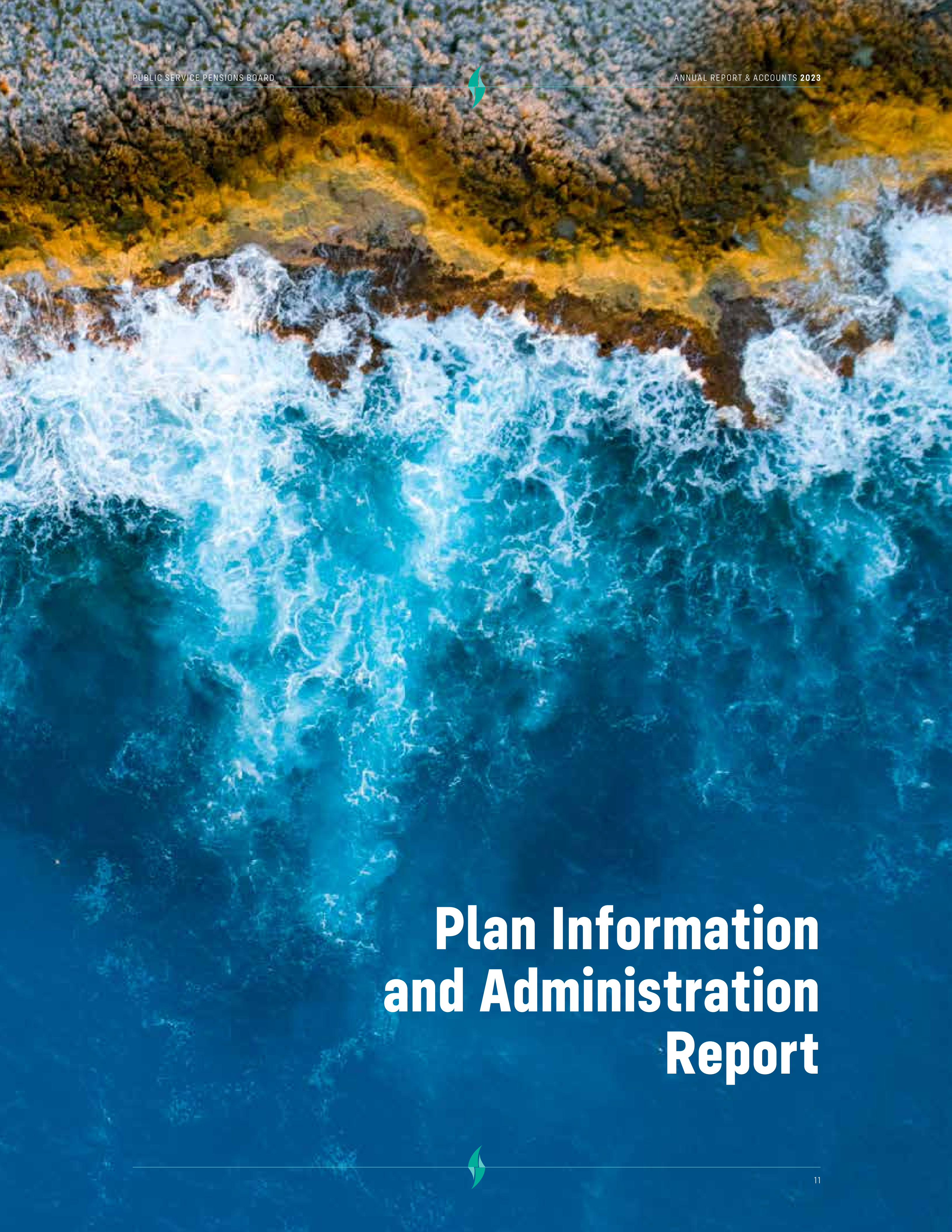
In 2024, the work for the Board of Directors will continue with a comprehensive review of our legislations so the Board can work to implement positive changes for our plan members and ensure that legislation also mitigates risks to the Authority. The Board has already implemented investment changes in previous years, such as introducing a new Investment Consultant, and now the Board will look at further developments in this area.

One of the deliverables in the next year is to start the development of the framework and draft legislation necessary to support changes in plan design to allow additional voluntary contributions. Upon this expected legislation change being implemented, the PSPB must then complete the work to launch this new opportunity to plan members and employers to have a seamless roll out of this plan improvement.

In 2024, the Board will initiate work with a third-party to conduct a full review of all Board governance policies. The review of these governance policies ensures accuracy and due diligence of critical policies covering matters relating to compliance, risk, oversight and reporting.

Today's world is driven by technology. The PSPB Board of Directors recognizes this and is transitioning the organization from a paper driven business model to one that is digital first. Accurate and reliable data is the lifeblood of modern organizations, driving decision-making, innovation, and competitiveness in an increasingly data-driven world. As technology continues to advance, PSPB must prioritize data quality and invest in robust data management practices to harness the full potential of data-driven insights.

As always in every priority undertaken, the Board will maintain a strong focus on risk management to ensure the best interests of members remain protected while advancement is pursued.



Plan Information and Administration Report

About the PSPB

The Public Service Pensions Board is responsible for administering the Public Sector Pension Plans (the Plans), investing the Public Sector Pensions Fund (the Fund), communicating with the Plans employers and plan members, recommending contribution rates in accordance with the latest actuarial valuation, providing policy advice to the Cayman Islands Government, leading public sector pension legislative reform and quantifying their financial impact, as needed.

The main functions of the Fund are to receive prescribed contributions, invest and pay-out pension benefits as they become due under the Act. The Fund is vested in the Board.

The PSPB is a Statutory Authority that was first established in 1992. The PSPB is governed by the Public Service Pensions Act (2023 Revision) (the Act) and also falls under the governance umbrella of the Public Authorities Act (2020 Revision) and the Public Management and Finance Law (2020 Revision).

Since the Authority's inception, the PSPB administration team has worked to provide quality and timely service to plan members and stakeholders. In order to best serve these groups, the PSPB leadership creates a culture that shapes beliefs, values and norms with a focus on our plan members. It is a culture of "Excellence and Pride in PSPB" that guides the work of the PSPB team to have high levels of participation, feedback, engagement and cooperative teamwork in order to achieve organizational strategies and business objectives.

Our Offices

Serving All of Our Islands!

The PSPB is proud to serve all plan members and stakeholders at our two office locations. The main administration office for the PSPB is located in Grand Cayman. The PSPB office is located within Athena Tower at 71 Fort Street in George Town. The PSPB is also serving the Sister Islands out of our Cayman Brac office, located at 5 Dennis Foster Road in Stake Bay. Of note, walk-in and appointment services are available for all members at both of our offices during all operational hours.

The PSPB had 2,933 one-on-one meetings

with members in 2023.

PSPB Participating Employers

Cayman Islands Government (15 Ministries and Portfolios)

Statutory Authorities and Government Owned Companies

Cayman Islands Airports Authority
Cayman Islands Development Bank
Cayman Islands Monetary Authority
Cayman Turtle Centre
CAYS Foundation
Civil Aviation Authority
Health Services Authority
Maritime Authority of the Cayman Islands
Cayman Islands National Insurance Company
Water Authority of the Cayman Islands
Public Service Pensions Board
National Roads Authority
Utility Regulation and Competition Office of the Cayman Islands
Cayman Stock Exchange
Tourism Attraction Board

Plans Under Administration

Public Service Pensions Plan

Employees of the Civil Service and the wider Public Sector participate in the Public Service Pensions Plan (PSPP) which is governed by the Act.

The PSPP has a Defined Benefit and a Defined Contribution component. All employees who joined the PSPP prior to 14 April 1999 were enrolled in the Defined Benefit Part. Those employees joining after 14 April 1999 were enrolled in either one of the two components depending on their circumstances. The Public Service Pensions (Amendment and Validation) Law, 2000 which was passed on 20 June 2000 amended the date after which all new employees were to be enrolled in the Defined Contribution Part of the PSPP to 1 January 2000. The main functions of the Funds are to receive prescribed contributions, invest and payout pension benefits as they become due under the Act. The Funds are vested in the Board.

Contribution Rates

Public servants who participate in the PSPP contribute at the rate of 6% of pensionable earnings and employers contribute a matching 6%. Contribution rates to cover additional normal Defined Benefit costs are recommended by the Board based on the latest funding Actuarial Valuation.

This additional Defined Benefit cost largely reflects the eventual liability of benefits related to the past service at the valuation date. The full liability for additional Defined Benefit costs is borne by each respective employer.

Payment of Benefits

The Act provides for payment of retirement benefits to eligible members. The normal retirement age with effect from 9 September 2016 is age 65. Prior to this, the normal retirement age was age 60.

However, members with at least 10 years of qualifying service may elect for early retirement from age 50 if they joined the service prior to 9 September 2016 or age 55 if they joined the service after the 9 September 2016.

Parliamentary Pensions Plan

The Board began to administer the Parliamentary Pensions Plan (the PPP) with effect from 1 September 1999.

Benefits under the PPP were paid directly from the Government's General Revenue on a monthly basis for the first eight months of 1999. For the remainder of 1999, the Government made quarterly pre-payments to the Fund to cover the payment of PPP pensions. This "pay as you go" arrangement continued until the passage of the amendment to the Parliamentary Pensions Act in August 2004, which mandated that the payment of parliamentary pensions be made from the Fund. Under this new arrangement monthly pension contributions are made to the Fund in accordance with the latest Actuarial Valuation.

The Elected Members of the Legislative Assembly participate in the PPP as governed by the Parliamentary Pensions Law, (2016 Revision). The Defined Contribution and Defined Benefit members contribute at a rate of 6% of pensionable earnings and the Government contributes a matching 6%. Contribution rates to cover additional Defined Benefit costs are prescribed by the latest Actuarial Valuation and are borne by the Government. These contributions have been pooled for investment purposes with those of the Public Service Pensions Fund.

In 2023, 836 new plan members joined or re-enrolled

in the Public Service Pensions Plan.

Judicial Pensions Plan

Judges of the Grand Court of the Cayman Islands and Magistrates participate in the Judicial Pension Plan (JPP). Judges' pensions fall under the remit of Her / His Excellency the Governor as set out in The Judges' Emoluments and Allowances Law (2006 Revision). There are no active members in the Defined Benefit part of the JPP. Judges in the Defined Contribution part of the JPP contribute at a rate of 10% of pensionable earnings while the Government pays at a rate of 20%. The assets of the JPP are under the administration of the Board and pooled with the assets of the other Plans for investment purposes.

The JPP started in 1997, notwithstanding the absence of the requisite order setting out plan details and specifics relating to administration of the JPP. The Judges Emoluments and Allowances Order was effected by His Excellency the Governor in 2005.

Ex-Gratia Pensions

The Board administers the payment of Ex-Gratia Pensions on behalf of the Cayman Islands Government under Section 6(1)(i) of the Public Service Pensions Act (2023 Revision). Provisions contained in the Public Service Pensions (Ex-Gratia Pensions) Regulations (2019 Revision) are also applicable to the administration of Ex-Gratia Pensions. The Ex-Gratia recipients are former Caymanian Civil Servants over the age of 65, who were not in receipt of any pension, allowance, gratuity or other retirement or termination benefit. Those with an aggregate of four or more years but less than 10 years of service receive a minimum Ex-Gratia pension of $300 per month. Those with 10 or more years of service receive a minimum Ex-Gratia pension of $450 per month. Ex-Gratia payments are not subject to increase for cost of living nor augmented annually across the board.

The Government makes a quarterly pre-payment into the Fund to cover the expected payments for Ex-Gratia Pensions for each quarter.

Ex-Gratia Uplift Pensions

The Authority administers the payment of Ex-Gratia Uplift Pensions on behalf of the Cayman Islands Government under Section 6(1)(i) of the Public Service Pensions Act (2023 Revision) and by provisions contained in the Public Service Pensions (Ex-Gratia Uplift Payments) Regulations (2020 Revision).

Ex-Gratia Uplift Pensions are a minimum pension threshold payment that ensures eligible retirees receive a top up on their existing pension to receive a total minimum payment of $1,250 per month. Uplift payments are provided to former Caymanian civil servants who are over the age of 65 and had a minimum of 10 years of pensionable service at retirement.

The PSPB Senior Management Team

The PSPB employs a senior management team and staff that is heralded as among the best in the entire Caribbean. Being viewed as the Cayman standard in pension administration, the PSPB employs a group with dynamic backgrounds and expertise that allows operations to be agile, seamless and committed to best serving plan members.

Drawn from diverse backgrounds, the PSPB Senior Management Team consists of highly skilled professionals, all of whom have been recognized as top achievers in their respective professions. Our Senior Management Team has over 135 years of accumulated widespread experience in Leadership and Business Development, Management, Pension Administration, Research, Finance, Banking, Human Resources, Risk Management, Information Technology, Communications, Investments, Marketing, Auditing and Corporate Services.

The CEO and the PSPB administration team are responsible for administering the Public Sector Pension Plans, managing the cash flow of the Fund, delivering specialized outputs through consultants, communicating with the Plans' employers and members, recommending contribution rates in accordance with the latest actuarial valuation, benefit plan design and structure, developing policy and providing policy advice to the Cayman Islands Government and the Board, risk management, and the many other operational and strategic functions of a medium-sized pension fund. As such, the administration team handles significant financials and this includes collection of prescribed contributions annually across all categories, investing and paying out pension benefits and providing quality and timely service to plan members and stakeholders while working to achieve organizational strategies and business objectives. The PSPB Senior Management Team and staff ensure that pension schemes under the administration of the PSPB operate effectively and sustainably, while working to deliver industry leading services and support to plan members.

Mrs. Jewel Evans Lindsey
Chief Executive Officer and Administrator

Ms. Ledra Lawrence
Chief Operating Officer and Chief Risk Officer

Ms. Jewel Bodden
Acting Chief Pensions Officer

Ms. Whitney Dykeman
Chief Information Officer and
Chief Programme Manager

Ms. Angella Bent-Thomas
Chief Human Resources Officer

Ms. Faith Wright
Chief Financial Officer (Outsourced)

2023 Year in Review and Highlights

2023 Highlights

Pension Administration System Enhancements

The PSPB introduced Neospin™, a new customizable pension administration system, on 1 October 2021. Since launching in late 2021, the PSPB has had to work through the growing pains of a new system. With concentrated learning and effort, it has had many benefits that have delivered the result the organization has envisaged.

The 2024 Outlook section of this report outlines the ongoing steps as the PSPB works towards public launching of the employer and member portals of the new system.

Electronic Content Management (ECM) Project

Throughout 2023, the PSPB finalized work to digitize and prepare all member files so they could be uploaded to Neospin™. Now the PSPB is in a position where we have ensured all pension records are digitally stored and these are migrated to Neospin™. With this complete, in 2024, the Authority will commence a 2-year PSPB organization wide ECM project that will enable the entire organization to go paperless, which can support a remote working environment, should this potential risk ever be present again.

Further, this approach allows all records to be catalogued and accessed with ease rather than a reliance on paper copies and proper filing and storage.

CIG Partnership and Uplift Payment Support

One area where we excelled in 2023 was the Authority's ongoing partnership with and seamless support of the Cayman Islands Government. In 2023, the Authority again was relied upon to deliver a one-time payment to Ex-Gratia Uplift recipients and then additional work was completed in raising the threshold for Uplift recipients to $1,250 per month. This meant several new recipients and processing the new and increased payments for eligible recipients. In 2024, the Authority expects to continue with further enhancements such as system integrations between the PSPB and the Government, which will ensure the PSPB is aligned in providing first class service and support to pensioners.

Community and Charity Support for PSPB Pensioners & Plan Members

The PSPB works to regularly connect with our pensioners and this includes supporting community events. Members of the PSPB administrative team make it a priority to participate in various events where our pensioners and plan members will be present throughout the year.

Formal participation exists in events such as Older Persons Month, senior citizen celebrations and other events designed to engage PSPB pensioners. For all events, PSPB team members attend these events in both Grand Cayman and Cayman Brac and the organization provided key support through sponsorship of prizes and meals.

Private Sector Sponsorship and Partnering by the PSPB

Through in person participation by staff members and also by financial sponsorship donations, the PSPB also sponsored or participated in other Cayman events. In 2023, this included supporting events and/or organizations such as the Cayman Islands Earth Day, the Cayman Islands Chamber of Commerce, Cayman Brac Seniors Citizens' Quarterly Birthday Parties, and so many others throughout the year.

The PSPB approved 155 new Ex-Gratia and Ex-Gratia Uplift applications in 2023.

As a result, these pensioners are now receiving lifetime monthly benefits.

Membership and Activity

Over the course of the reporting period, the pension administration division of the PSPB processed 2,321 member files. Of the files, this included the following key highlights:

2023 Key Administration Files Processed	
Interim Benefit Statements	210
Cash Outs and Transfers	98
Benefit Projections	390
Retirements	160

One on One Member Meetings

If members want information specific to their pension, they can meet one-on-one with a Member Services Officer. Walk-in or by appointment service is available at both the Grand Cayman and Cayman Brac offices to all plan members and pensioners.

This is a very popular service. During the reporting period the following visits were recorded:

2023 One-on-One Member Meetings	
Grand Cayman Meetings	2,357
Cayman Brac Meetings	576
Total One-on-One Meetings	2,933

Annual Events

Pension Continuation Confirmation Certificates

As required by statute, annually the PSPB distributes by mail pension continuation confirmation certificates (PCCCs) to all of our pensioners in receipt of a monthly benefit. The PCCCs ensure that pension benefits are paid to the right recipients and also ensures proof of life for each pensioner. The PCCCs are to be signed by the pensioner and witnessed by a Justice of the Peace, a Notary Public, a minister of religion, an attorney licensed to practice law in the Cayman Islands, a Member of Parliament or the Administrator (which is the Chief Executive Officer, Public Service Pensions).

If the certificate is not returned within the specified timeline, monthly benefit payments will be stopped until the certificate is received.

For 2023, a total of 2,498 PCCCs were distributed to pensioners on 14 November 2023.

Pension Augmentation

Each year, the PSPB considers the annual movement of the Consumer Price Index (CPI) (as determined by the Economic and Statistics Office (ESO)) in conjunction with its inflation protection legislation to determine the level of pension augmentation for its pensioners. In accordance with the Public Service Pensions Act, the augmentation for 2023 was calculated at 8.3%. As a result, pensions in payment as at 31st December 2022 were adjusted for inflation as of the first day of 2023 for all retired plan members.

Annual Benefit Statements

Annually, the PSPB distributes benefit statements to all active plan members. The statements aid plan members in planning for their retirement. The benefit statement confirms:

- The personal details on file for the member;
- The contributions paid-in during the statement period for the member;
- The interest credited during the statement period;
- The member's account balance as at the end of the statement period;
- Outstanding contributions (to be remitted by the employer) for the statement period; and
- The Credited Rate of Return applied to the member's account during the statement period.

If members disagree with any of the information on their statement, they should advise PSPB as soon as possible. For 2023, a total of 5,758 statements were mailed to our active membership.

Employer and Member Presentations

Employer and member presentations are available upon request. The presentations are delivered by PSPB staff and designed to give a good understanding of the operation of the pension plan. These presentations have proved to be very successful in educating our members on their benefits and employers on our changing requirements. Feedback has been positive and continues to enhance the process.

During the reporting period, the PSPB continued with employer and PSPB staff training on provisions within the Public Service Pensions Act (2023 Revision). Monthly presentations were given to new members in association with the Portfolio of the Civil Service new staff orientation sessions.

Staff and Board Director Training

The PSPB has demonstrated that training and development play a vital role in its effectiveness. It is one of the most effective techniques for improving employees' performance and enhancing organization productivity. In 2023, the following training courses/learning forums were attended by one or more Board Directors or members of staff:

- 2023 International Federation of Employee Benefits and Pensions Conference in New Orleans
- 2023 Public Funds Forum in Montage Palmetto Bluff
- OPAL Conference: Public Pensions Plans – Best Practice and Experiences
- Maxim Healthcare Conference – New Trends in Healthcare Sector
- 2023 Royal Fidelity Cayman Economic Outlook Conference
- Fitch Learning – Fundamentals of Investment Management
- GCS Advanced AML and Sanctions Training
- CFA Society Cayman Islands – 9th Annual Investment Forum
- UK Institute of Regulation Seminar on Sanctions in Regulation
- UK Institute of Regulation Annual Conference
- Institute of Corporate Directors on ESG Integration for Boards
- Sustainability Reporting Standards and the Institute of Sustainability Reporting Board Standards

2024 Outlook

Launching Employer and Member Self-Service Functions and End-to-End Functions

To start fully implementing the value-added components of Neospin™, the Authority must examine where we can streamline existing business processes as part of the business re-engineering project; and start to explore self-service options for our members. Since launching in late 2021, the PSPB has worked to advance the outputs of Neospin™, but we now have people resources and functions in place to take the next steps. This means we now are able to begin the exploration on solutions required to support member end-to-end self-service functions. This will include enrollment, life changes, tombstone data and the retirement process.

In 2024, we will launch an educational campaign that will coincide with the external roll out of the employer and member portals. Early testing of the employer portal internally has allowed learnings to ensure the Authority can move towards technology driven services and supports. This will be achieved with these portals as they will maximize convenience to members and thoroughly improve our internal functions and ensure our staff are better positioned and to build stronger relationships with our employers and members.

Focus on Member Services

Focal points in 2024 will be to develop and introduce new key performance indicators (KPI) and workflow reporting as part of performance agreements at all levels. It is critical the Authority has strong KPIs to have agreed to metrics on key deliverables on service delivery outputs that can be tracked, assessed and ensure that our staff achieve these standards, which then continues to build the Authority's brand as a leading pension administrator and a progressive place to work and develop. Further to the development of KPIs, Neospin™ will also be leveraged to improve security and audit trail functionality, integrated Electronic Content (ECM) Records Management and workflow tracking and approval. .

Information Technology and Operating Procedures

In terms of specific Information Technology items, in 2023, the Authority delivered and achieved many successes, including the complete lift and shift of data to new secure servers. In 2024, the IT area will work to undertake a full scope of business process documentation to support the organization in its ongoing administration work. The successful outcome of this work allows for proper mapping and documentation, and this ensures that by end of this two-year cycle, the Authority will have created new standard operating procedures.

Human Resources – Recruitment Strategy and New System

In 2024, work in this area will be understanding the business requirements for a new HR application and 2025 will lead to the delivery and deployment of this new HR system to better support the Authority. Over the next two years, the human resources area of the organization will work to attract and retain the best talent for the entire organization. Part of this work will mean that the Authority will examine succession plans and career paths and how to retain talent in this competitive local environment.

Permanent Office Relocation

Over the next two years, the Authority will work to finalize plans to relocate from Athena Tower to the organization's permanent office. This planning can ensure the PSPB's long-term solution delivers a unique office that is tailored to a member-first service-oriented platform delivering exceptional value and service. With that, the front facing part of this office will again house our "Center of Excellence" and will further enhance the accessibility for our plan members and build a stronger PSPB as the leading member services pension provider in the Cayman Islands.

Investment Report

Investment Overview

Investment Policy

The stated investment objective of the Board is "To preserve capital while adding value above its policy benchmark." The Board is committed to the investment objective, and has actively managed investment portfolios which are diversified, within the constraints of the Act as well as the Board's investment policy, to ensure that risk is not unduly concentrated in any one type of investment or area of currency.

The Board adheres to internationally recognized benchmarks, and has established an asset mix policy, in collaboration with its investment advisors, for the purpose of achieving long-term returns of 3-4% above inflation. The asset mix policy establishes the percentage holdings by asset class and permissible ranges within the broad classes of investments. Within this framework, each investment manager is not limited by sector or country restrictions and is able to make discretionary decisions to capitalize on market opportunities.

The Funds are biased to equities over the long term in order to achieve optimum returns. Equities, when compared to other classes of investments over the long term, have historically proven to generally outperform other forms of investments.

The PSPB invests in a manner to best serve members and this means working to invest in a value-added manner. In addition, over a five-year period, funds are again well ahead of benchmark expectations.

Growth and Outlook of the Fund

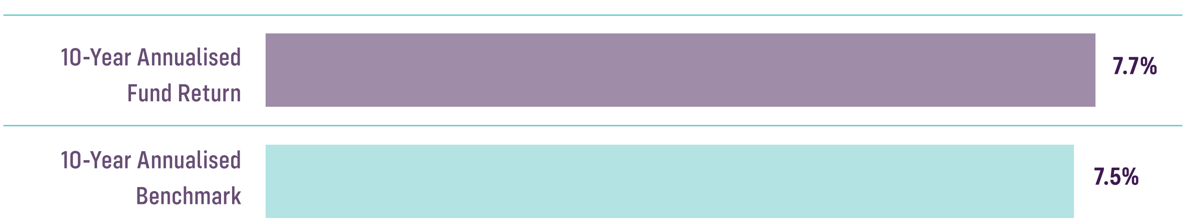
In a reversal from 2022, global bond and equity markets rallied in 2023. Many markets experienced double-digit returns over the course of the year, with a particularly strong rally for stocks and bonds in the fourth quarter of 2023. Though inflation remained persistent, investor confidence regarding an eventual soft landing bolstered equity returns. Expectations of rate cuts, though tempered in the third quarter of the year with the "higher for longer" narrative, rebounded on dovish comments from the Federal Reserve in the fourth quarter.

Specific to the PSPB, the Fund increased by 19.0% in 2023. As noted in this report, the Fund had a balanced year and a strong finish with a well performing return in the fourth quarter. For 2023, the Fund's Global Equity portfolio returned 21.5%, versus the benchmark return of 23.8%. The Fund's Fixed Income investments returned 8.7% for 2023 compared to the benchmark of 7.1% for the year.

In order to continue to build on a strong year, the Fund continues to hold a diversified portfolio of bonds and equity securities. It is this approach that, over the long term, provides above-average returns with minimized variability. Further, this portfolio helps achieve outstanding returns and it protects from significant downside risk in years with more investment challenges.

Moving into 2024, markets look poised to continue with strong 2023 returns carrying into the early part of the year. Global equities are positioned to perform well, and fixed income market expectations have swung from pessimism to optimism with signs of improving inflation.

10-Year Annualised Fund Return and Benchmark



Fund Performance

2023 Return and Overall Performance

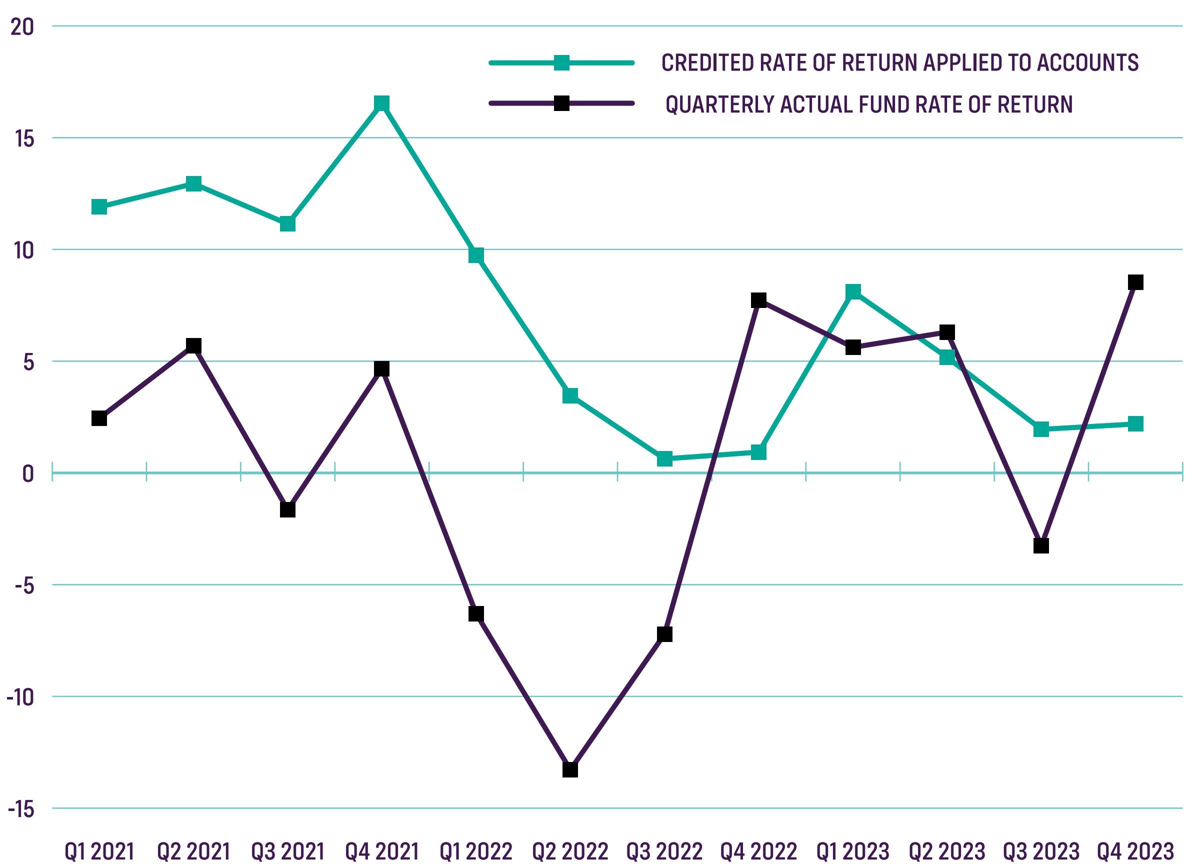
Over the one-year period ending 31 December 2023, the PSPB Fund delivered a return of 19.0%. Based on the 2023 return, the PSPB Fund ranked in the top 1 percentile of its peer group (US Pension Plans with over $1 Billion USD Assets Under Management) for performance in the year. The overall outlook of the Fund remains positive and well positioned to experience growth, based on the balance of the investments within the Fund.

Performance over the 2023 calendar year was slightly behind the policy benchmark of value-added investment, however, the longer-term view shows the value add of the investments. Specifically, the PSPB has outperformed the benchmark over the trailing ten-year period and by 0.9% since inception.

Credited Rate of Return

The Credited Rate of Return (CRR) is how the PSPB calculates investment returns based on a three-year geometric average of actual returns, net of expenses, and then applies an interest return rate to all plan member accounts. At the end of each quarter, the PSPB determines the rate at which interest is credited on every plan member's account. This is done by calculating the average of the rates of return received on investments for the previous 12 quarters (three years), net of expenses. Once the quarterly rate was calculated, the applicable interest was added to account balances.

Credited Rate of Return vs. Actual Fund Rate of Return



2023 Market Summary

For the year, the broad US market gained 26.0%. Non-US developed equities benefitted from a slight currency tailwind in 2023, with the MSCI World returning 23.8% for the calendar year and the MSCI ACWI close behind, returning 22.2% for 2023.

While returns were positive, emerging market equities lagged developed markets in 2023. The MSCI Emerging Markets index returned 9.8% for the year, with Chinese stocks serving as a drag on performance. The MSCI Emerging Market ex-China index returned 20% for the full year. China's stock markets were one of very few markets that suffered losses for 2023. Additionally, newfound optimism around lower inflation and potentially peaking and declining policy rates drove gains in the UK and Europe, though many major Asian markets experienced weaker results.

The broad US bond market returned 6.8% for the fourth quarter, lifting full-year performance into positive territory at a 5.5% overall return. The global fixed income market, as measured by the Bloomberg Global Aggregate (Hedged) returned 7.1% for 2023. The credit component of the index exceeded both of these, returning 8.7% for the same period.

Financial Statements

Audited financial statements for the financial year ended 31 December 2023

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Statement of responsibility for the financial statements

These financial statements have been prepared by the Public Service Pensions Board in accordance with the provisions of the *Public Management and Finance Act (2020 Revision), (the "Act").*

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Act.

As Chair and Chief Executive Officer, we are responsible for establishing, and have established and maintained, a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by the Act, and properly record the financial transactions of the Public Service Pensions Board.

As Chair and Chief Executive Officer we are responsible for the preparation of the Public Service Pensions Board financial statements and for the judgements made in them.

The financial statements fairly present the statement of net assets available for benefits, statement of changes in net assets available for benefits, judicial pension plan: supplemental information, parliamentary pension plan: supplemental information, supplemental statement of accumulated plan benefits and statement of cash flows for the financial year ended 31 December 2023.

To the best of our knowledge, we represent that these financial statements:

(a) completely and reliably reflect the financial transactions of the Public Service Pensions Board for the year ended 31 December 2023;

(b) fairly reflect the financial position as at 31 December 2023 and performance for the 12 month financial year ended 31 December 2023;

(c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Sheree Ebanks, Cert. Hon.
Chair
Public Service Pensions Board
Date- 30 April 2024

Jewel Evans Lindsey, Cert. Hon.
Chief Executive Officer
Public Service Pensions Board
Date- 30 April 2024

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Grand Cayman, KY1-1103, Cayman Islands

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Public Service Pensions Board

Opinion

I have audited the financial statements of the Public Service Pensions Board (the "Authority"), which comprise the statement of net assets available for benefits as at 31 December 2023 and the statement of changes in net assets available for benefits, judicial pension plan: supplemental information, parliamentary pension plan: supplemental information, supplemental statement of accumulated plan benefits and statement of cash flows for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 38 to 75.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Service Pensions Board as at 31 December 2023 and its financial performance and its cash flows for the year ended 31 December 2023 in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Authority in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR GENERAL'S REPORT (continued)

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the Public Management and Finance Act (2020 Revision). I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Sue Winspear, CPFA
Auditor General

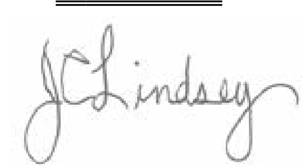
30 April 2024
Cayman Islands

Statement of Net Assets Available for Benefits

as at 31 December 2023 (Expressed in Cayman Islands Dollars)

		31 December 2023 $000		31 December 2022 $000
Assets				
Current assets				
Cash and cash equivalents				
Cash on hand and in bank (Note 3)		12,042		8,896
Investments, at fair market value (Note 4)		1,133,451		943,032
Receivables				
Contributions receivable (Note 1c)				
Employees' contributions	1,776		1,571	
Employers' contributions	1,775		1,572	
Employers' - Additional defined benefit costs	521		436	
Additional normal cost (ANC)	925		1,895	
Past service liability (PSL)	-		1,516	
Ex-Gratia receivables Note 7 & 8)	694		282	
Other receivables	24	5,715	42	7,314
Prepaid expenses				
Prepaid expenses		33		30
Total current assets		**1,151,241**		**959,272**
Non-current assets				
Property, Plant and Equipment (Note 5)		258		339
Intangibles				
Pension administration system (Note 6)		1,638		2,234
Right-of-use asset (Note 18)		755		117
Other non-current assets		38		38
Total non-current assets		2,689		2,728
Total assets		**1,153,930**		**962,000**
Liabilities				
Current liabilities				
Benefits due (Note 13)		6,005		8,046
Post-retirement healthcare obligation (Note 22)		1,313		1,221
PSPB deferred benefit/asset (Note 21)		(393)		(166)
Investment management fees payable		824		729
Accounts payable		514		597
Other liabilities		655		616
Lease liability (Note 18)		295		129
Total current liabilities		9,214		11,172
Non-current liabilities				
Lease liability (Note 18)		452		-
Total Non-current liabilities		**452**		-
Total liabilities		**9,666**		**11,172**
Net assets		**1,144,264**		**950,828**
Represented by:				
Net assets available for benefits:				
Accumulated fund (Note 23)		**1,144,264**		**950,828**

Faith Wright, CPA
Chief Financial Officer (Outsourced)



Jewel Evans Lindsey
Chief Executive Officer

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The accounting policies and notes on pages 38 to 75 form part of these financial statements

Public Service Pension Plan - Statement of Changes in Net Assets Available for Benefits

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

	31 December 2023 $000	31 December 2022 $000
Pensions		
Contributions		
Employer	23,305	21,379
Employee	23,323	21,422
Additional normal costs	4,912	4,824
Employers - Additional defined benefit costs (Note 14)	17,702	17,884
Total	**69,242**	**65,509**
Transfers In	603	593
Pre-funded Ex-Gratia pensions (Notes 7 & 8)	4,235	3,463
Total contributions	**74,080**	**69,565**
Benefits paid to participants (Note 11)		
Public service pensions	(46,931)	(46,018)
Ex-Gratia pensions (Notes 7 & 8)	(3,739)	(3,521)
Total benefits paid to participants	**(50,670)**	**(49,539)**
Net pensions	**23,410**	**20,026**
Investing		
Investment income		
Realized gain on sale of investments – net	108,517	15,471
Dividends earned on investments	8,964	11,511
Unrealized gain/(loss) on investments – net	67,297	(228,133)
Loss on foreign exchange	(1,974)	(1,041)
Interest earned on investments	67	34
Interest earned on term deposits and call accounts	3	3
Total investment income/(loss)	**182,874**	**(202,155)**
Investment expenses		
Investment management and custodial fees (Note 16)	(6,600)	(7,255)
Other investment expenses	(71)	(59)
Total investment expenses	**(6,671)**	**(7,314)**
Net investment (loss)/income	**176,204**	**(209,469)**
Operating		
Operating income		
Other income	585	63
Total operating income	**585**	**63**
Operating expenses		
Administrative expenses (Note 12)	**(5,591)**	(5,373)
Depreciation (Notes 5, 6 & 18)	(1,124)	(1,523)
Write-off of accounts receivable and stale-dated items	(1)	13
Total operating expenses	**(6,716)**	**(6,883)**
Net operating loss	**(6,132)**	**(6,820)**
Other comprehensive (loss)/ income	**204**	**243**
Net change in net assets available for benefits	**193,686**	**(196,020)**
Allocation of net(decrease)/ increase in assets		
Attributable to PPP (Note 9)	**(8)**	**(9)**
Attributable to JPP (Note 10)	**(69)**	**(26)**
Attributable to PSPP	**193,609**	**(196,055)**
Net assets available for benefits at start of year (Note 23)	**939,949**	**1,136,004**
Net assets available for benefits at end of year (Note 23)	**1,133,557**	**939,949**

The accounting policies and notes on pages 38 to 75 form part of these financial statements

Judicial Pension Plan: Supplemental Information - Statement of Changes in Net Assets Available for Benefits

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

	31 December 2023 $000	31 December 2022 $000
Assets		
Net assets available for benefits at beginning of year (Notes 10 and 23)		
Pension	6,325	6,019
Contributions (Note 1c)		
Employers	487	402
Employees	243	189
Total contributions	**730**	**591**
Benefits paid to participants (Note 11)	(414)	(311)
Net pensions	316	280
Net investment income	69	26
Net change in net assets available for benefits	385	306
Net assets available for benefits at end of year (Notes 10 and 23)	**6,710**	**6,325**

The accounting policies and notes on pages 38 to 75 form part of these financial statements

Parliamentary Pension Plan: Supplemental Information - Statement of Changes in Net Assets Available for Benefits

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

	31 December 2023 $000	31 December 2022 $000
Net assets available for benefits at beginning of year		
(Notes 9 and 23)	4,554	5,200
Pensions		
Contributions		
Employees	184	183
Employers	184	183
Past service liability (PSL)	1,137	961
Total contributions	**1,505**	**1,327**
Prior Year ANC receivables	79	20
Liabilities		
Additional normal costs (ANC)	(94)	(79)
Benefits paid to participants (Note 11)	(2,056)	(1,923)
Net pensions	(566)	(655)
Net investment income	8	9
Net change in net assets available for benefits	(558)	(646)
Net assets available for benefits at end of Year (Notes 9 and 23)	**3,996**	**4,554**

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The accounting policies and notes on pages 38 to 75 form part of these financial statements

Statement of Cash Flows

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

	31 December 2023 $000	31 December 2022 $000
Cash flows from operating activities		
Receipts		
Contributions received from employees	23,714	21,967
Contributions received from employers	23,111	21,374
Contribution received for special pensioners stipend payments	577	1,035
Other income received	601	309
Net investment income received	1	51
Total	**48,004**	**44,736**
Payments		
Benefits paid to participants - Public Service	(48,863)	(40,674)
Administrative expenses paid	(6,020)	(5,410)
Investment management fees and other expenses paid	(3,638)	(3,983)
Benefits paid to participants - Ex-Gratia	(3,739)	(3,521)
Special pensioners stipend payments	(577)	(945)
Total	**(62,837)**	**(54,533)**
Net cash used in operating activities	**(14,833)**	**(9,797)**
Cash flows from investing activities		
Purchase of investments	(10,409)	(12,083)
Purchase of fixed assets and intangibles	(185)	(558)
Net cash applied to investing activities	**(10,594)**	**(12,641)**
Cash flows from financing activities		
Contributions received from employers - Additional defined benefit	24,888	20,198
Ex-Gratia grant and prepaid Ex-Gratia grant	3,823	3,180
Net cash received from financing activities	**28,711**	**23,378**
Cash flows from judiciary contributions		
Contributions received from employer	487	402
Contributions received from employees	243	190
Benefits paid to participants	(428)	(311)
Net cash received from (paid to) judiciary contributions	**302**	**281**
Cash flows from parliamentary contributions		
Contributions received from employer	184	183
Contributions received from employees	184	183
Contributions received from employer - defined benefit	1,248	1,001
Benefits paid to participants	(2,056)	(1,923)
Net cash paid to parliamentary contributions	**(440)**	**(556)**
Net increase in cash and cash equivalents during the year	3,146	665
Cash and cash equivalents at beginning of year	8,896	8,231
Cash and cash equivalents at end of year (Note 3)	**12,042**	**8,896**

The accounting policies and notes on pages 38 to 75 form part of these financial statements

Supplemental Statement of Accumulated Plan Benefits

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

	31 December 2023 $000	31 December 2022 $000
Actuarial present value of accumulated plan benefits (Note 14)		
Inactive and Active Participants	(1,065,152)	(1,065,152)
Total actuarial present value of accumulated plan benefits	(1,065,152)	(1,065,152)
Fund's net assets available for benefits at year-end (Note 23)	**1,144,264**	**950,828**
Fund income/(deficit)	**79,112**	**(114,324)**

Notes to the Financial Statements

for the year ended 31 December 2023 (Expressed in Cayman Islands Dollars)

1. Introduction and Background Information

a. Introduction

The Public Service Pensions Board (the "Authority") was re-established as a Statutory Authority of the Cayman Islands Government (the "Government") on 14 April 1999. Principal place of business is 71 Fort Street, George Town, Grand Cayman, Cayman Islands. The Authority's responsibilities include, but are not limited to, administering the Government-sponsored pension plans which consist of the Public Service Pensions (PSPP), Parliamentary Pensions (PPP), Judicial Pensions (JPP) and Ex-Gratia Pension Plans, administering the combined pension funds (the "Fund"), investing all funds available into the Fund, providing pension benefits as required under the Act, communicating with the Plans' stakeholders, recommending contribution rates to the Government in accordance with the latest actuarial valuation and determining the financial implications of any amendments to the Plans. The Fund is governed by the *Public Service Pensions Act (2021 Revision)* (the "Act").

b. General background information

The PSPP, the PPP and the JPP plans each consist of two parts: a Defined Benefit (DB) part and a Defined Contribution (DC) part. For the main PSPP, all employees who joined prior to 14 April 1999 were enrolled in the Defined Benefit part of the PSPP. Those employees joining after 14 April 1999 were enrolled in either one of the two parts depending on their circumstances. The Public Service Pensions (Amendment and Validation) Act, 2000 which was passed on 20 June 2000 amended the date after which all new employees were to be enrolled in the Defined Contribution part of the Plan to 1 January 2000. Employees who received Contracted Officers Supplement (COS) were exempted from participation in the PSPP through the Public Service Pensions (Amendment and Validation) Act, 2000. However, when existing contracts were renewed, employees no longer provided with COS became eligible to join the Defined Contribution part of the PSPP.

c. Contributions

The JPP DB part is fully funded and therefore no contributions are required by Plan members or the Government. However, Plan members participating in the JPP DC part contribute at the rate of ten percent of pensionable earnings and the Government contributes twenty percent. Plan members of the PPP and the PSPP contribute at the rate of six percent of pensionable earnings and employers contribute a matching six percent. Contribution rates to cover additional defined benefit costs are recommended by the Board of Directors (the "Board") based on the last approved actuarial results and were as follows:

1. Introduction and Background Information (continued)

Code	Employer	DB Additional Normal Cost Contribution	DB PSL Contributions
AA	Cayman Islands Airports Authority**	5.50%	345,000
AO	Office of the Auditor General	9.30%	n/a*
CA	Civil Aviation Authority**	0.40%	0%
CC	Community College**	0%	103,000
CF	CAYS Foundation **	0%	n/a*
CG	Central Government	9.30%	n/a*
CI	CINICO	5.50%	0%
CO	Cabinet Office	9.30%	n/a*
CS	Portfolio of the Civil Service	9.30%	n/a*
DA	Ministry of District Administration & Lands	9.30%	n/a*
DB	Cayman Islands Development Bank**	0%	n/a*
OR	Utility Regulation and Competition Office**	1.10%	n/a*
FD	Ministry of Finance & Economic Development	9.30%	n/a*
FO	Foreign Office (UK Office)	9.30%	n/a*
MI	Ministry of Investment, Innovation & Social Development	9.30%	n/a*
HS	Health Services Authority**	5.80%	106,000
MB	Ministry of Border Control & Labour	9.30%	n/a*
JD	Judicial Administration	9.30%	n/a*
JP	JPP Employees	n/a*	n/a*
LA	Portfolio of Legal Affairs	9.30%	n/a*
MA	Cayman Islands Monetary Authority**	5.50%	0%
MC	Ministry of Home Affairs	9.30%	n/a*
ME	Ministry of Education	9.30%	n/a*
MH	Ministry of Health & Wellness	9.30%	n/a*
MP	Ministry of Planning, Agriculture, Housing & Infrastructure	9.30%	n/a*
MT	Ministry of Tourism & Transport	9.30%	n/a*
PB	Public Service Pensions Board**	8.10%	0%
PP	Parliamentary Plan	49.70%	1,049 million
RA	National Roads Authority**	4.80%	0%
SR	Maritime Authority **	6.10%	0%
TF	Cayman Turtle Conservation and Education Centre**	7.20%	4,000
WA	Water Authority Cayman**	6.10%	101,000
DP	Director of Public Prosecutions	9.30%	n/a*
FS	Ministry of Financial Services	9.30%	n/a*
GO	Governor's Office	9.30%	n/a*
SE	Cayman Islands Stock Exchange	n/a*	n/a*
BP	Botanic Park	n/a*	n/a*
PC	Pedro Castle	n/a*	n/a*
TB	Tourism Attraction Board	n/a*	n/a*
CP	Office of the Commissioner of Police	9.30%	n/a*
OO	Office of the Ombudsman	9.30%	n/a*
SC	Ministry of Sustainability & Climate Resiliency	9.30%	n/a*
MY	Ministry Youth, Sports, Culture & Heritage	9.30%	n/a*

Key
*Incl. in PSL for Central Government of 17.138 million per annum
**Statutory Authority or Government company

1. Introduction and Background Information (continued)

The full liability for any additional defined benefit costs are borne by each respective employer.

Contribution rates for the additional defined benefit costs are based on pensionable earnings as of the valuation date and reflect the following:

i. with respect to the defined contribution participants, the cost of certain benefits provided that are of a defined benefit nature;

ii. with respect to the defined benefit participants, the excess over and above the 12% of pensionable earnings which is the additional normal cost and the annual amortization of the unfunded past service liabilities.

d. Investment Policy

The investment objective of the Board is for the Fund to earn returns that will, in conjunction with the financing plan, result in the Plans becoming fully funded or self-sustaining. The investments are diversified within the constraints of the Act to ensure that risk is not unduly concentrated in any one type of investment or geographical location and, when appropriate, currencies 'are hedged into U.S. dollars. The Board has established an asset mix policy aligned with the underlying pension plans' liabilities to achieve a long-term rate of return of three to four percent above long term inflation expectations. The asset mix policy dictates the policy benchmark mix and permissible ranges of participation in the broad classes of stock and bond investments. In the longer term, the investment portfolio will have a bias towards equities because these investments have demonstrated a better potential for return enhancement along with protection from inflation when compared to other classes of investments.

2. Significant Accounting Policies

Basis of preparation

These financial statements are prepared on a going concern basis under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the plan sponsors and plan participants.

They are prepared to assist participants and others in reviewing the activities of the Fund for the fiscal period, but they do not portray the funding requirements of the Plan or the benefits security of individual plan participants.

Reporting and functional currency

The financial statements are presented in Cayman Islands dollars, rounded to the nearest thousand.

Changes in accounting policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Reporting period

The reporting period is the year ended 31 December 2023.

Judgments and estimates

The preparation of financial statements in conformity with IFRS requires judgments, estimates and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

New standards, amendments and interpretations adopted as at 1 January 2023

The below accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted are not expected to be relevant to or impact the results of the Authority.

- IFRS 17 'Insurance Contracts'
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12)

2. Significant Accounting Policies (continued)

Standards, amendments and Interpretations to existing Standards that are issued but not yet effective for the financial year beginning 1 January 2023 and have not been adopted early by the Authority:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) • Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

The significant accounting policies of the Authority, which have been consistently applied to all years presented (unless otherwise stated), are as follows:

Contributions

Contributions are accounted for on the accrual basis in the month to which the associated salaries and wages relate. Both contributions received and contributions receivable in these financial statements are reflective of the contribution rates recommended in the 1 January 2020 actuarial valuation.

Transfers in and out

Transfers in or out are accounted for when paid or received which is normally when member liability is accepted/discharged.

Benefits Paid

Benefits are accounted for in the period in which they fall due for payment. Where there is a choice, benefits are accounted for in the period in which the member notifies the Authority of his or her decision on the type or amount of benefit to be taken or, if there is no member choice, they are accounted for on the date of retirement or leaving.

Investments

Investments are stated at their fair market value at the date of the Statements of Net Assets Available for Benefits. Realized and unrealized gains and losses are recognized in the Statements of Changes in Net Assets Available for Benefits.

Investment income

Investment income is accounted for on the accrual basis.

2. Significant Accounting Policies (continued)

Property, Plant and Equipment

Fixed assets are initially recorded at cost. Subsequently, depreciation is charged to operations per annum on a straight-line basis as follows:

Furniture and fixtures	10%
Computer equipment and software	20%
Office equipment	20%
Vehicle	20%
Leasehold Improvements	dependent on lease term

Intangibles

Intangible assets are comprised of externally acquired software for internal use. They are measured at cost and amortized on a straight-line basis over its useful life over a period not exceeding 5 years.

Disposals

Gains and losses on disposals of fixed assets are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Changes in Net Assets Available for Benefits.

Foreign currency transactions

Transactions in foreign currencies, other than in US Dollars, are translated at the rate of exchange prevailing at the date of the transaction. Operational transactions in US dollars are translated at the rate of CI$.8348 = US$1.00. Assets in US dollars are translated at the rate of CI$.8318 = US$1.00 Exchange gains and losses are recognized in the Statement of Changes in Net Assets Available for Benefits.

Leases

The objective of IFRS 16 is to report information that (i) faithfully represents lease transactions and (ii) provides a basis for users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. To meet the objective, the Authority has recognized assets and liabilities arising from its lease agreements.

3. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Cash and cash equivalents	31 December 2023 $000	31 December 2022 $000
Scotiabank Cash Accounts	5,313	6,655
CIBC Mellon Cash Reserve	6,729	2,241
Total	**12,042**	**8,896**

4. Investments

The appointed Investment Managers manage the Fund's investments under discretionary investment agreements that conform to the list of Approved Investments detailed in the Schedule 2 of the *Public Service Pensions Act, (2023 Revision).*

Global Equities

Global Equities returned 9.3% in Q4 2023, compared to the benchmark return (MSCI World) of 11.4%. For 2023, the Global Equity portfolio returned 21.5%, versus the benchmark return of 23.8%. Longer term, the Global Equity portfolio has underperformed for the three- and five-year periods but has shown outperformance in its ten year and since inception returns.

Global Bonds

After a challenging start to 2023, fixed income markets rallied in the fourth quarter of 2023 as policy rate expectations swung from pessimism to optimism in November and December. Signs of improving inflation led investors to bring forward expectations for interest rate cuts to early 2024, leading to one of the best quarterly results in over twenty years.

PSPB's Fixed Income investments returned 6.8% in Q4 2023 and 8.7% for 2023. In comparison, the benchmark (Bloomberg Global Aggregate Hedged) returned 6.0% for the quarter, and 7.1% for the full year.

a. Investment returns

Total Returns to 31 December 2023

Annualized for periods exceeding 1 Year

Last 3 Months	1 Year	3 Years	5 Years	10 Years	From Inception
8.8%	19.0%	3.0%	9.5%	7.7%	6.7%

b. Investment portfolios

The investment portfolios are summarized below:

	31 December 2023		31 December 2022	
Description	**$ 000**	**%**	**$ 000**	**%**
Global Equities	931,549	82.19	767,353	81.37
Fixed Income	201,902	17.81	175,679	18.63
Total	**1,133,451**	**100.00**	**943,032**	**100.00**

5. Property, Plant and Equipment

Property, plant and equipment consist of the following components:

	Leasehold Improvements	Furniture & Fixtures	Office Equipment	Work in progress	Computer Equipment	Computer Software	Vehicles	Total
	$000	$000	$000		$000	$000	$000	$000
Cost								
As at 31 December 2022	**746**	**36**	**64**	**-**	**344**	**56**	**16**	**1,262**
Additions	-	-	-	100	84	-	-	184
Adjustments	(13)	-	-		-	-	-	(13)
As at 31 December 2023	**733**	**36**	**64**	**100**	**428**	**56**	**16**	**1,433**
Accumulated Depreciation								
As at 31 December 2022	**532**	**20**	**30**	**-**	**281**	**44**	**16**	**923**
Depreciation	206	3	9	-	36	3	-	257
Adjustments	(5)	-	-	-	-	-	-	(5)
As at 31 December 2023	**733**	**23**	**39**	**-**	**317**	**47**	**16**	**1,175**
Carrying value at 31 December 2023	**0**	**13**	**25**	**100**	**111**	**9**	**-**	**258**
Carrying value at 31 December 2022	**214**	**16**	**34**	**-**	**63**	**12**	**-**	**339**

6. Intangibles

Intangibles consist of following components:

	Lynchval Capitalization $000	Sagitec Capitalization $000	Total $000
Cost			
As at 31 December 2022	**571**	**2,979**	**3,550**
Additions	**-**	**-**	**-**
As at 31 December 2023	**571**	**2,979**	**3,550**
Accumulated Amortization			
As at 31 December 2022	**571**	**745**	**1,315**
Amortization	**-**	**596**	**596**
As at 31 December 2023	**571**	**1,341**	**1,911**
Carrying value at 31 December 2023	**-**	**1,638**	**1,638**
Carrying value at 31 December 2022	**-**	**2,234**	**2,234**

The Organization has entered into a Software as a Service (SaaS) contract with Sagitec Solutions LLC for the provision of a Core customized cloud-based solution pension administration system. The system was fully implemented and went live on 1 October 2021.

7. Ex-Gratia Pensions

The Authority administers the payment of Ex-Gratia Pensions on behalf of the Cayman Islands Government under Section 6(1)(i) of the Public Service Pensions Act (2023 Revision) and by provisions contained in the Public Service Pensions (Ex-Gratia Pensions) Regulations (2019 Revision).

Eligibility for Ex-Gratia Pension as set out by said Acts:

"(1) Any Caymanian (as defined in the *Immigration Act (2022 Revision)* who-

(a) is sixty five years of age or older; or

(b) is not sixty five years of age but who has been certified by the Chief Medical Officer as being permanently disabled, and who —

i. held an office in the Public Service or the Other Public Service for any period of at least four or more years in the aggregate; and

ii. during at least four years (in the aggregate) of his said service, was not entitled to a pension or did not receive a contracted officer's supplement or similar compensation, may, in accordance with these regulations, apply for an Ex-Gratia pension in respect of the period of his said service that is prior to the date when he attained the age of sixty years and in respect of which he was not entitled to a pension and did not receive a contracted officer's supplement or similar compensation.

An estimate of the payments to be administered during the year are appropriated to and received by the Authority and reported as Pre-Funded Ex-Gratia Pensions. The activity reported below represents funding received and benefit payments made during the 2023 and 2022 reporting periods only. Accumulated Ex-Gratia bank balances are included in the cash balances reported on the Statement of Net Assets Available for Benefits and used to offset any shortfalls in funding during the year. Payments administered during each year are reported as Ex-Gratia Pensions.

Ex-Gratia pension activity:

Description	31 December 2023 $000	31 December 2022 $000
Pre-Funded Ex-Gratia Pensions	1,247	1,145
Ex-Gratia Pensions Payments	(1,267)	(1,227)
(Underfunded)/Overfunded	(20)	(82)

8. Ex-Gratia Uplift Payments

The Authority administers the payment of Ex-Gratia Uplift Pensions on behalf of the Cayman Islands Government under Section 6(1)(i) of the Public Service Pensions Act (2023 Revision) and by provisions contained in the Public Service Pensions (Ex-Gratia Uplift Payments) Regulations (2020 Revision).

The minimum pension threshold was increased again under the Public Service Pensions (Ex-Gratia Uplift Payments) (Amendment) Regulations 2023, to $1250 per month with effect from December 2023.

Ex-Gratia Uplift Payment activity:

Description	31 December 2023 $000	31 December 2022 $000
Pre-Funded Ex-Gratia Uplift Payments	2,988	2,318
Ex-Gratia Uplift Pension Payments	(2,472)	(2,294)
(Underfunded)/Overfunded	516	24

The activity reported above represents funding received and benefit payments made during the 2023 and 2022 reporting periods only. Accumulated Ex-Gratia bank balances are included in the cash balances reported on the Statement of Net Assets Available for Benefits and utilized in the subsequent year.

9. Parliamentary Pensions Plan (PPP)

The Members of the Parliament participate in the Parliamentary Pensions Plan (PPP) as governed by the Parliamentary Pensions Act (2016 Revision) (the "Parliamentary Pensions Act"). Members contribute at a rate of 6% of pensionable earnings and employers contribute a matching 6%.

An additional contribution as prescribed by the latest Actuarial Valuation is made by the employer to cover the additional defined benefit cost associated with the PPP. In practice the Authority administers the PPP and the related fund balances.

The Parliamentary Pensions Act since 2004 provides for payment of retirement benefits to eligible members with one or more parliamentary terms. Normal retirement age under the Parliamentary Pensions Act is 55. The maximum amount of pension payable to the Parliamentarians cannot exceed two-thirds of their highest salary earned whilst a Member of Parliament.

Due in Respect of Parliamentary Pensions Plan

All contributions received, since inception, have been pooled for investment purposes with those of the larger Public Service Pensions Fund and the Judicial Pension Fund for greater investment return opportunities and to contain administrative costs. In addition, this also reflects benefits paid to participants and an element of net Investment Income and Operating Expenses allocated (on the net of the contributions received and benefits paid) based on the Fund's annual rate of return.

To clearly account for the amounts in respect of the separate Plans; supplementary information to the Statement of Net Assets Available for Benefits are presented for the PPP on page 35, showing beginning and ending balances, as well as contribution, benefits paid and investment returns recognized for the PPP during the year.

Net assets available for benefits for PPP at end of year amounted to $3,996 million (2022: $4,554 million). The Authority does not charge any additional fees for acting as administrators of the Parliamentary Pensions Plan. The assets duly belong to the Members of Parliament are under the administration of the Authority.

10. Judicial Pensions Plan (JPP)

The Judges of the Grand Court of the Cayman Islands and Magistrates participate in the Judicial Pension Plan (JPP) as governed by the Judges' Emoluments and Allowance Act, (2018 Revision) and the Judges' Emoluments and Allowances Order, (2021 Revision). In respect of the DC Plan, participants contribute at a rate of 10% of pensionable earnings and the Government contributes 20%. In accordance with the 2020 funding valuation 0% is contributed for those in the Defined Benefit part of the Plan as the Actuarial valuations as at 1 January 2020 concluded that existing contribution rates to the plan are sufficient.

Normal retirement age under the Judicial Pensions Act is 65. The maximum amount of pension payable to a participant cannot exceed an annual 80% of the participant's final average pensionable earnings.

Due in Respect of Judiciary Pensions Plan

All contributions received since inception have been pooled for investment purposes with those of the larger Public Service Pensions Fund and the Parliamentary Pension Fund for greater investment return opportunities and to contain administrative costs. In addition, this also reflects benefits paid to participants and an element of net Investment Income and Operating Expenses allocated (on the net of the contributions received and benefits paid) based on the Fund's annual rate of return.

To clearly account for the amounts in respect of the separate Plans, supplementary information to the Statement Net Assets Available for Benefits are presented for the JPP on page 34, showing beginning and ending balances, as well as contribution, benefits paid and investment returns recognized for the JPP during the year.

Net assets available for benefits for JPP at end of year amounted to $6,710 million (2022: $6,325 million). The Authority does not charge any additional fees for acting as administrators of the Judicial Pensions Plan. The assets duly belong to the Judges of the Grand Court of the Cayman Islands and Magistrates are under the administration of the Authority.

11. Benefits Paid to Participants

Beginning in April 1999, payments were paid directly out of the Fund for pensioners of the PSPP. The Government is required to pre-fund payments made to recipients of the Ex-Gratia pensions. Pension payments in respect of the PPP were pre-funded by payments from the Government up until the passage of the *Parliamentary Pensions Act (2004)* on 23 August 2004, which required benefit payments be paid directly from the Parliamentary Pensions Fund.

12. Administrative Expenses

Description	31 December 2023 $000	31 December 2022 $000
Salaries, benefits & other staff related expenses	3,361	2,876
New pension administration system support[1]	688	596
Actuarial fees	326	744
Office accommodation & related expenses	293	255
IT Support	250	216
Other professional fees	211	258
Board of Directors related expenses	205	182
General administrative 71	147	146
Audit fees	110	100
Total	**5,591**	**5,373**

[1] Previously included in Other Professional Fees

13. Benefits Due

Benefits Due represents the liability to pay participants who have attained the Normal Retirement Age and participants who have applied for early retirement prior to 31 December 2023 but whose pension payments have not commenced as at the fiscal year end. Benefits due also relate to cashouts and transfers that were approved during the financial year and paid after the financial year end.

14. Funding Actuarial Valuation Reports

1 January 2022

In accordance with the Public Service Pensions Act (2023 Revision), the Board fulfilled its statutory obligations by commissioning the Authority's actuaries to carry out the 1 January 2022 Funding Actuarial Valuations for each of the three Government sponsored pension plans. The 1 January 2022 Funding Actuarial Valuation reports were approved by the Board on 10 March 2023 and submitted to the Financial Secretary on 2 June 2023 for further submission by the Minister to the Cabinet. As the 2022 reports have not yet been submitted to Cabinet for acceptance and approval, the actuarial present value of accumulated plan benefits as well as the recommended rates of contribution contained therein, both Contributions Received and Contributions Receivable in the 2023 Financial Statements are reflective of the 2020 Report, which are the last approved rates.

1 January 2020

In accordance with the respective legislation, the Authority's Actuaries, Mercer, carried out the tri-annual funding Actuarial Valuation as at 1 January 2020 for each of the three Government sponsored pension plans.

The principal assumptions for the 2020 funding actuarial valuations (excluding the estimated retirement age which varied with each Plan) used in the computation of the actuarial estimate of the pension liability for each of the three named Pensions plans are as follows:

i. annual salary increases of 2.5% for first 2 years; 3% thereafter

ii. long term inflation rate of 2.0% per annum;

iii. valuation interest rate to discount future benefit payments have been presented using phased in discount rates of 7.25% in 2020, 6.75% in 2021 and ultimate rate of 6.25% thereafter.

iv. expected long-term rate of return on the Fund's invested assets is 6.25% (phased in from 7.25%).

v. anticipated future pensions payments increases of 2.0% per annum; and

vi. estimated retirement ages for the three plans are as follows;

   a. Parliamentary Pensions Plan: 55 years and 10 months

   b. Public Service Pensions Plan: Age-related table (see below)

   c. Judiciary Pension Plan: N/A

14. Funding Actuarial Valuation Reports (continued)

Age Related Tables

Age	Termination Male	Termination Female	Retirement
20	7.50%	12.50%	0.00%
25	5.00%	12.50%	0.00%
30	3.50%	7.50%	0.00%
35	2.50%	4.50%	0.00%
40	1.50%	2.50%	0.00%
45	0.50%	0.50%	0.00%
50	0.00%	0.00%	0.00%
55 to 59	0.00%	0.00%	8.00%
60 to 64	0.00%	0.00%	15.00%
65	0.00%	0.00%	100.00%

The retirement rates for ages 60-64 have been revised since the prior valuation. In the previous valuation, the rate of retirement at age 60 was 60% and retirement rates at ages 61-64 were 8%.

a. Public Service Pensions Plan actuarial valuation – 1 January 2020

The funding actuarial valuation calculated a Fund deficiency as at 1 January 2020 as follows:

Public Service Pensions Plan (actuarial estimate)	Amount $000
Value of pension fund allocated assets	836,688
Past service liability	(1,032,960)
Fund deficiency	**(196,272)**

The Actuarial valuation calculated a normal cost during the year as follows:

Public Service Pensions Plan (actuarial estimate)	
Attributable to the Defined Contribution component of the Plan	12.4%
Attributable to the Defined Benefit component of the Plan	19.3%

The Plan was in a deficit position as of January 1, 2020. Based on an ultimate discount rate of 6.25%, the Plan had a deficit of $196 million at January 1, 2020 and the funded ratio of the DB Part of the Plan is 69% and when combined with the DC part of the Plan is 81%.

The Board has established an objective of funding the deficit over a 20-year period, and decided to fund the Plan on the basis of the valuation results prepared based on an ultimate discount rate of 6.25%.

14. Funding Actuarial Valuation Reports – 1 January 2020 (continued)

b. Parliamentary Pensions Plan actuarial valuation – 1 January 2020

The funding actuarial valuation calculated a Fund deficiency as at 1 January 2020 as follows:

Parliamentary Pensions Plan (actuarial estimate)	Amount $000
Value of pension fund allocated assets	13,721
Deferred investment gain not reflected in DC account	(153)
Past service liability	(25,598)
Fund deficiency	**(12,030)**

The funding actuarial valuation calculated a normal cost during the year as follows:

Parliamentary Pensions Plan (actuarial estimate)	
Attributable to the Defined Contribution component of the Plan	12.4%
Attributable to the Defined Benefit component of the Plan	55.7%

The Board has established an objective that the Plan be fully funded in 20 years from the valuation date. Based on the assumptions and methods described in this report, in order to achieve this objective, contributions should be made on the basis of the valuation results prepared based on an ultimate discount rate of 6.25%.

The Plan was in a deficit position as of January 1, 2020. Based on an ultimate discount rate of 6.25%, the Plan had a deficit of $12 million at January 1, 2020 and the funded ratio of the DB Part of the Plan is 49% and when combined with the DC part of the Plan is 53%.

14. Funding Actuarial Valuation Reports – 1 January 2020 (continued)

c. Judicial Pensions Plan actuarial valuation – 1 January 2020

The actuarial valuation calculated a Fund surplus as at 1 January 2020 as follows:

Judicial Pensions Plan (actuarial estimate)	Amount $ 000
Value of pension fund allocated assets	8,077
Past service liability	(6,594)
Fund surplus	**1,483**

The actuarial valuation calculated a normal cost during the year as follows:

Judicial Pensions Plan (actuarial estimate)	
Attributable to the Defined Contribution component of the Plan	30.0%
Attributable to the Defined Benefit component of the Plan	00.0%

The Board has established an objective that the Plan be fully funded in 20 years from the valuation date. The Plan is currently fully funded, as such, in accordance with the Board's objective; contributions should be made on the basis of the valuation results prepared based on an ultimate discount rate of 6.25%.

The DB Part of the Plan has a surplus as at January 1, 2020, hence no further Employer contributions are required to fund the DB accrual, until the next valuation review. The funded ratio of the DB Part of the Plan is 137% and when combined with the DC part of the Plan is 122%.

15. Pension Contributions

(Re: Funding Actuarial valuations – effective 1 January 2020)

The recommended rates of contribution contained in the 2020 funding actuarial valuations became effective by Regulations on 8 September 2021 retroactive to 1 January 2020.

16. Investment Management and Consultancy Fees

The Authority utilizes the services of various Investment Managers, a Global Custodian and an Investment Advisor in the course of its business. During the year, the Board employed the services of the following:

a. Independent Franchise Partners ("IFP", Investment Manager)
b. MFG Global Fund ("Magellan", Investment Manager) (portfolio liquidated March 2023)
c. Morgan Stanley Global Opportunity Fund ("Morgan Stanley", Investment Manager)
d. PIMCO Global Investment Grade Credit ("PIMCO", Investment Manager)
e. PIMCO US Short-Term Fund ("PIMCO", Investment Manager)
f. Wellington Global Quality Growth ("Wellington", Investment Manager)
g. BlackRock IShares Developed World Index Fund ("BlackRock", Investment Manager)
h. IFM Global Infrastructure (Offshore), LP ("IFM", Investment Manager) – pending funding
i. CIBC Mellon Global Securities Company ("CIBC Mellon", Global Custodian)
j. Meketa Investment Group, Inc. (Meketa) (Investment Advisor)
k. WCM Investment Management, LLC ("WCM") – pending funding
l. GQG Partners Global Equity Fund ("GQG") – pending funding

The Authority incurred Investment management and consultancy expenses as follows:

	31 December 2023 $000	31 December 2022 $000
Investment managers		
IFP	3,118	2,881
Magellan	154	1,127
Wellington	1,163	1,133
PIMCO	911	854
Morgan Stanley	468	436
Blackrock	203	-
Custodian		
CIBC Mellon	104	115
Investment advisor/consultant		
Advisory Capital	-	441
Meketa	179	97
Curcio Webb	-	15
Legal fees		
Pillsbury, Winthrop, Shaw, Pittman LLP	300	156
Total	**6,600**	**7,255**

17. Financial and Actuarial Risk Management

In order to meet the investment objective for the Fund, namely, to earn returns that will, in conjunction with the financing plan, result in the Plans becoming fully funded or self-sustaining (see note (1d)), the investments will be subject to a variety of inherent risks. An overarching strategy for management of these risks is asset diversification, to manage concentration using various investment criteria and, within the Board's risk appetite, to minimize the impact of portfolio losses and optimize the opportunity for long-term gains.

In addition, the Board employs rigorous investment manager selection, monitoring and due diligence processes. Asset classes are managed by separate internationally recognized investment managers, who are recommended by the Investment Committee of the Board, with the guidance of the independent Investment Advisor (Meketa) and approved by the Board. Performance of each investment manager is monitored and measured against international benchmarks by the Investment Committee and the Investment Advisor. Members of the Investment Committee, along with the Investment Advisor, also perform annual due diligence visits to each of the investment managers.

Major risk exposures include market risk, interest rate risk, credit risk, liquidity risk and currency risk, and these are discussed further in the following sections.

Market risk

Market risk is the risk that the value of a financial instrument such as an equity security will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the markets. Market risk is managed mainly by diversification across issuers, industries, geographies and investment strategies.

Interest rate risk

Interest rate risk is the potential for financial loss arising from changes in interest rates. Interest rate changes may affect the values of the fixed income and credit investments and, indirectly through impacts on the liability discount rates, the funding liabilities. Interest rate risk is managed mainly by the allocation to bonds under the Fund's target asset mix, as well as the duration of the fixed income investments.

Credit risk

Credit risk is the risk that one party to a financial instrument, such as a bond, will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk, with respect to the fixed income investments, is managed by placing deposits with high-credit quality institutions, minimum requirements for counterparties' credit ratings, diversification of counterparties and monitoring of counterparties and exposures. In relation to Receivables expected credit losses are nil. These are straightforward and therefore are recognized/measured at amortised cost.

Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting payment obligations when due or supporting investment opportunities, through cash flows or asset sales, without incurring financial loss. Liquidity risk is managed by monitoring net cash flows, including required pension contributions, and maintaining a generally liquid investment portfolio, with the ability to divest on relatively short notice.

Currency risk

Currency risk arises from investment in global assets denominated in foreign currencies, whereas the pension payments and liabilities are based in Cayman Islands dollars. Currency risk is mitigated by strong economic and currency links between the United States of America and the Cayman Islands and, when appropriate, other foreign currencies deemed are hedged into U.S. dollars.

17. Financial and Actuarial Risk Management (continued)

Fair values

The carrying amount of current, call, and fixed deposits, accounts and interest receivable, other receivables and prepayments, demand liabilities, and other liabilities and payables approximated their fair value due to the short-term maturities of these assets and liabilities. The market value of investments is presented in Note (4). The fair values of other assets and liabilities are not materially different from the carrying amounts.

Actuarial risk management

Actuarial risks relate to changes in plan liabilities or costs which detract from the goal of the Plans becoming fully funded or self-sustaining. The actuarial risk management framework includes mandated triennial actuarial valuations performed by an internationally reputable actuarial firm (Mercer) and the implementation of the recommended contribution rates. In addition, the Board has commissioned annual interim updates from the Actuary in years between the triennial reports.

Notwithstanding the actuarial risk management framework, plan funding is ultimately at the discretion of the government. In practice, plan funding can be affected by delays in tabling the actuarial valuation reports and in enabling regulations to prescribe the recommended rates, as well as any other inefficiencies in governmental processes.

Regular actuarial reporting will reveal impacts of any aspects of evolving plan experience which differ from the underlying assumptions. Furthermore, changes in the actuarial assumptions used, to better reflect plan experience and future expectations, can have a significant effect on plan liabilities and costs. Key actuarial assumptions with significant liability and cost impacts include:

a. Discountrate–This is one of the most important assumptions,and the Plans face significant risk of the long-term returns on plan investments not meeting the discount rate, as well as changes in discount rates based on evolving market conditions and outlooks or changes in target asset mix.

b. Pensionable earnings increases and post - retirement pension increases(inflation rate)–Risks relate to potential increases higher than levels assumed, and changes in the assumptions adopted.

c. Mortality – Longevity risk is the potential that retirees and spouses live longer than assumed based on the mortality assumptions. Changes in mortality assumptions are also a source of plan risk.

Other demographic experience and assumptions such as retirement rates also contribute to actuarial risk.

The Defined Contribution (DC) part of the plans operates on a self-insured basis whereby DC account balances are generally converted into guaranteed indexed annuities payable from plan assets upon retirement. This approach imposes cost and risk for plan funding which requires monitoring over time. The actuarial basis used for these conversions is a key consideration from a cost, risk and benefit adequacy perspective and reflects a discount rate somewhat less than the expected returns on the underlying assets.

Quantitative sensitivity disclosures in relation to key assumption changes may be included in periodic actuarial valuation reports. Note 21 includes certain quantitative disclosures related to the PSPB's staff participation in the Defined Benefit Part of the Public Service Pensions Plan, under an accounting ("IAS19 R") basis.

18. Lease of Premises

Short Term and Immaterial Leases

The Authority has elected not to recognize the right-of-use assets and lease liabilities for short- term leases with 12 months or less and leases immaterial (with an annual cost under $25 thousand) to the Authority. The Authority recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Authority has the following:

- A warehouse storage facility with Artemis Property Services for the period 1 June 2023 to 31 May 2025, at an annual cost of CI$11,400.00 per annum ($950 monthly). Unit No. 13 is located within the property known as Highgrove Business Park, Building A, consisting of 300 square feet situated at Sparky Drive, George Town.
- A warehouse storage facility with Artemis Property Services for the period 1 March 2023 to 28 February 2025, at an annual cost of CI$9,000.00 per annum ($750 monthly). Unit No. 8 is located within the property known as Highgrove Business Park, Building A, consisting of 225 square feet situated at Sparky Drive, George Town.
- Office accommodation with CAYBRAC Ltd. located on Dennis Foster Road in Cayman Brac. A new lease was signed effective 1 April 2022 (with the option to renew for an additional two years) at an annual cost of CI$13,771.80 ($1,147.65 monthly)

Right-of-Use Asset

On 1 September 2021, the Authority entered into a non-cancellable accommodation Sublease with Appleby Cayman Ltd. with a completion date of 31 May 2023. The leased accommodation is situated on the 4th floor of The Appleby Tower in George Town. Upon completion of the Sublease with Appleby Cayman Ltd., the Authority entered into a new lease for the same accommodation with Commercial properties Limited with a commencement date of 1 June 2023 and a completion date of 1 June 2026.

The Right-of-Use Asset and the Lease Liability are reflected in the financial statements as follows:

Right-of-Use Asset	**2023**	**2022**
Balance as 1 January	117,349	487,152
Adjustments	(1,162)	5,714
Additions (New Lease)	910,606	-
Amortization charge for the year	(272,291)	(375,517)
Balance at 31 December	754,502	117,349

Lease Liability	**2023**	**2022**
Balance as 1 January	128,885	417,310
Adjustments	(2,495)	5,714
Additions	883,384	-
Interest Expense	30,719	19,430
Lease Payments	(293,566)	(313,569)
Balance at 31 December	**746,927**	**128,885**

18. Lease of Premises (continued)

Lease liabilities at 31 December 2023 are payable as follows:

	Future minimum lease payments (Undiscounted)	Interest	Present value of minimum lease payments
One year or less	330,202	(40,065)	290,137
One to five years	479,488	(22,698)	456,790
	809,690	**(62,763)**	**746,927**

Amounts recognized in Statement of Changes in Net Assets Available for Benefits:

	2023	2022
Amortization of Right-of-Use Asset	272,291	375,517
Interest on Lease Liabilities	30,719	19,430

The total cash outflows for leases for 2023 was $324,285 (2022: $313,569).

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19. Related Party Transactions

Key management personnel

There are seven (2022: eight) full-time equivalent personnel considered as "Key management personnel". They consist of the Chief Executive Officer, Chief Operating Officer and Risk Officer, Chief Pensions Officer, Chief Financial Officer, Chief Human Resources Officer, Chief Information Officer and Manager Finance. The total remuneration includes regular salary, pension contributions, and health insurance contributions, acting allowances, duty allowances, and motor car upkeep/allowance. Total remuneration for Key management personnel in FY 2023 was $1.288 million, (FY 2022: $1.150 million). Each Director, with the exception of ex-officio members, is paid a Monthly Director Remuneration.

Total remunerations paid to Board Directors of the PSPB for the fiscal year 2023 was $162 thousand (FY 2022: $163.5 thousand). The Monthly Director Remunerations are based on the following rates:

Position	Monthly Director Remuneration
Board Chair	CI $4,000
Independent Professional Trustee	CI $2,000
Board Director x2	CI $2,000
Governance Committee Chair	CI $1,000
Investment Committee Chair	CI $2,000
Audit Committee Chair	CI $2,000
Non-Board Director Appointees to Committees for specialist expertise	An amount not to exceed CI $750

Intra-government agencies

The Authority engaged the services of the HR IRIS and the Office of the Auditor General, during the year. The transactions amounted to $3 thousand and $110 thousand respectively (2022: $3 Thousand, $100 Thousand respectively). The services are deemed to have been engaged at arm's length.

20. Plan Participants

IAS 19 Accounting policy requires the Public Service Pensions Board to disclose the entities to which the assets of the Fund belong and the amounts for each participant. The current pension administration system does not allow for the breakdown of this information. The ministries and portfolios in the Public Service Pensions Plan are the following:

a. Office of the Auditor General
b. Cabinet Office
c. Judicial Administration
d. Ministry of Health & Wellness
e. Ministry of District Administration & Lands
f. Ministry of Finance & Economic Development
g. Ministry of Education
h. Ministry of Financial Services and Commerce
i. Ministry of Sustainability & Climate Resiliency
j. Ministry of Home Affairs
k. Office of the Director of Public Prosecutions
l. Portfolio of Civil Service
m. Portfolio of Legal Affairs
n. Office of the Ombudsman
o. Ministry of Investment, Innovation & Social Development
p. Office of the Commissioner of Police
q. Ministry of Border Control & Labour
r. Ministry of Youth, Sports, Culture and Heritage
s. Ministry of Planning, Agriculture, Housing & Infrastructure
t. Ministry of Tourism & Transport
u. Governor’s Office
v. Foreign Office (UK Office)
w. Judges (JPP)
x. Parliamentarian (PPP)

20. Plan Participants (continued)

The statutory authorities and government companies that participate in the Public Service Pensions Plan are the following:

a. Cayman Islands Airports Authority
b. Cayman Islands Development Bank
c. Cayman Islands Health Services Authority
d. Cayman Islands Monetary Authority
e. Cayman Turtle Conservation and Education Centre
f. CAYS Foundation
g. CINICO
h. Civil Aviation Authority
i. Utility Regulation and Competition Office
j. Maritime Authority of the Cayman Islands
k. National Housing Development Trust
l. National Roads Authority
m. Public Service Pensions Board
n. University College of the Cayman Islands
o. Water Authority of the Cayman Islands
p. The Cayman Islands Stock Exchange
q. Tourism Attraction Board
r. Queen Elizabeth II Botanic Park
s. Pedro St. James Castle

Contribution rates paid in by each Plan Participant is in accordance with the default rates as set out in the Public Service Pensions Act.

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff

The Authority's Actuary, Mercer, has calculated Public Service Pensions Board ("PSPB") actuarial estimates of liabilities as at 31 December 2023 related to the PSPB's staff participation in the Defined Benefit Part of the Public Service Pensions Plan under International Financial Reporting Standard-International Accounting Standard 19 (Rev June 2011)("IAS19R"). IAS 19 was revised in June 2011 and became effective for reporting periods commencing on or after 1 January 2013. For purpose of PSPB reporting, IAS 19 R for year ended 31 December 2023 reflects the following:

The amounts recognized in the statement of net assets available for benefits is as follows:

	31 December 2023 $000	31 December 2022 $000
Defined benefit obligation	(2,077)	(1,863)
Fair value of plan assets	2,470	2,029
Funded status	(393)	(166)
Net Liability	**(393)**	**(166)**

The change in defined benefit obligation is as follows:

	31 December 2023 $000	31 December 2022 $000
Defined benefit obligation at end of prior year	1,863	2,392
Current service cost	42	55
Interest expense	100	63
Cashflows - participant contribution	12	12
Effect of changes in financial assumptions	(60)	(634)
Effect of experience adjustments	120	(25)
Defined benefit obligation at end of year	**2,077**	**1,863**

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

The change in fair value of plan assets is as follows:

	31 December 2023 $000	31 December 2022 $000
Fair value of plan assets at end of prior year	2,029	2,419
Interest income	110	65
Cash flows		
Employer and participant contributions	40	39
Remeasurements		
return on plan assets (excluding interest income)	291	(494)
Fair value of plan assets at end of year	**2,470**	**2,029**

The net defined benefit liability (asset) reconciliation is as follows:

	31 December 2023 $000	31 December 2022 $000
Net defined benefit liability (asset) as of beginning of year	(166)	(27)
Defined benefit cost included in P&L	32	53
Total remeasurements included in OCI	(231)	(165)
Cash flows – employer contributions	(28)	(27)
Net defined benefit liability (asset) as of end of year	**(393)**	**(166)**

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

The components of defined benefit cost is as follows:

	31 December 2023 $000	31 December 2022 $000
Current service Cost	42	55
Net interest cost		
Interest expense on DBO	100	63
Interest (income) on plan assets	(110)	(65)
Total net interest cost	(10)	(2)
Defined benefit cost included in statement of changes in net assets available for benefits	32	53
Remeasurements (recognized in other comprehensive income)		
Effect of changes in financial assumptions	(60)	(634)
Effect of experience adjustments	120	(25)
(Return) on plan assets (excluding interest income)	(291)	494
Total remeasurements included in other comprehensive income	(231)	(165)
Total defined benefit cost recognized in statement of changes in net assets available for benefits and other comprehensive income	**(199)**	**(112)**

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

The sensitivity analysis on defined benefit obligation is shown below:

	31 December 2023	31 December 2022
1. Discount rate		
a. Discount rate - 25 basis points	2,155	1,936
b. Discount rate + 25 basis points	2,004	1,795
2. Inflation rate		
a. Inflation rate - 25 basis points	1,998	1,794
b. Inflation rate + 25 basis points	2,161	1,937
3. Mortality		
a. Mortality - 10% of current rates	2,116	1,897
b. Mortality +10% of current rates	2,041	1,833

The expected cash flow for the following year is as follows:

	31 December 2023 $000	31 December 2022 $000
Expected employer contributions	32	33

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine benefit obligations

	31 December 2023	31 December 2022
1. Discount rate	5.15%	5.40%
2. Rate of salary increase	$4.0% in 2024 and 3.7% thereafter	5.0% in 2023, $5.0% in 2024 and 3.7% thereafter
3. Rate of price inflation	2.5% in 2024, $2.4% in 2025 and 2.0% thereafter	4.0% in 2023, $2.4% in 2024 and 2.0% thereafter
4. Rate of pension increases	2.5% in 2024, $2.4% in 2025 and 2.0% thereafter	4.0% in 2023, $2.4% in 2024 and 2.0% thereafter
5. Post-retirement mortality table	100% RP-2014 generationally projected using Scale MP-2021	100% RP-2014 generationally projected using Scale MP-2021
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

Weighted-average assumptions to determine defined benefit cost

	31 December 2023	31 December 2022
1. Discount rate	5.35%	2.95%
2. Rate of salary increase	.0% in 2023, $4.0% in 2024 and 3.7% thereafter	2.50%
3. Rate of price inflation	4.0% in 2023, $2.4% in 2024 and 2.0% thereafter	2.00%
4. Rate of pension increases	4.0% in 2023, $2.4% in 2024 and 2.0% thereafter	2.00%
5. Post-retirement mortality table	100% RP-2014 generationally projected using Scale MP-2021	100% RP-2014 generationally projected using Scale MP-2021

Plan Assets

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Public Service Pensions Fund ("the Fund") and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund.

The assets are notionally allocated to each of the three participating pension plans through an internal accounting mechanism that tracks, for each accounting period, actual cash flows and allocates investment income based on the rate of return earned by the Fund. Based on the data provided, the gross rate of return earned by the Fund over the 12-month period, 1 January 2022 to 31 December 2023 was (17.60%) per annum. Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on asset value at 31 December 2023 provided to Mercer by PSPB, along with cash flow and other supplemental asset information provided. The assets are held in trust by CIBC Mellon. The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at 31 December 2023 and 31 December 2022, the Fund was invested as follows:

	31 December 2023		31 December 2022	
Plan Assets by Asset Category	**($000)**	**Percentage**	**($000)**	**Percentage**
Equities	934,942	81%	767,353	81%
Debt securities	209,351	18%	175,678	18%
Cash and Receivables	4,447	1%	7,991	1%
Total Invested Assets	1,148,740	100%	951,022	100%

The Defined Contribution portion of the Fund (excluding in transit amounts) totalled $611,711,500 as at 31 December 2023 and $572,783,600 as at December 31, 2022, as provided by PSPB. The share of the Fund that been notionally allocated to PSPB with regards to its participation in the Defined Benefit Part of the Plan is $2,470,000 as at 31 December 2023 and $2,029,300 as at December 31, 2022.

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

The Actuarial Assumptions

We have used actuarial assumptions approved by the Financial Secretary, the main sponsor of the Plan. The principal financial and demographic assumptions used at 31 December 2023 and 31 December 2022 are shown in the table below. The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the defined benefit cost for the following year.

Measurement Date	31 December 2023	31 December 2022
Discount rate		
- BOY disclosure and current year expense	5.40% per year	2.90% per year
- EOY disclosure and following year expense	5.15% per year	5.40% per year
- Following year current service cost	5.10% per year	5.35% per year
- Rate used to determine interest on defined benefit obligation and plan assets for following year expense	5.10% per year	5.35% per year
- Rate used to determine interest on current service cost for following year expense	5.15% per year	5.40% per year
- Increases in pensionable earnings	4.0% in 2024 and 3.7% per year thereafter	5.00% in 2023, 4.0% in 2024 and 3.7% per year thereafter
- Rate of pension increases	2.5% in 2024, 2.4% in 2025 and 2.0% per year thereafter	4.00% in 2023, 2.4% in 2024 and 2.0% per year thereafter
Mortality		
- BOY disclosure and current year expense	100% of the rates of the RP-Mortality Table, Scale MP-2014, generationally projections using Scale MP-2021	100% of the rates of the RP-Mortality Table, Scale MP-2014, generationally projections using Scale MP-2021
- EOY disclosure and following year expense	100% of the rates of the RP-Mortality Table, Scale MP-2014, generationally projections using Scale MP-2021	100% of the rates of the RP-Mortality Table, Scale MP-2014, generationally projections using Scale MP-2021
Disability	None	None
Turnover Rates	Age related table	Age related table
Retirement	Age-related retirement rates used. See table below.	Age-related retirement rates used. See table below.
Assumed life expectations on retirement	Retiring today (member age 57) 28.78 Retiring in 25 years (at age 57): 30.92	Retiring today (member age 57) 28.69 Retiring in 25 years (at age 57): 30.84
Liability Cost Method	Projected unit credit method	Projected unit credit method
Asset Value Method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

21. IAS 19R Post-Retirement Pension Liabilities for PSPB Staff (continued)

Turnover Rates at sample ages:

Age	Males	Females
20	7.5%	12.5%
25	5.0%	12.5%
30	3.5%	7.5%
35	2.5%	4.5%
40	1.5%	2.5%
45	0.5%	5.0%
50	0.0%	0.0%

Retirement Rates:

Age	
Below 55	0%
55-59	8%
60-64	15%
65	100%

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

22. PSPB Post-Retirement Healthcare Obligation

The Authority's Actuary, Mercer, has calculated actuarial estimates of liabilities as at 31 December 2023 and actuarial estimates of the defined benefit cost for the year ended 31 December 2023, for the Post-Retirement Healthcare Program ("the Health Plan"). For purpose of PSPB reporting, IAS 19R for year ended 31 December 2023 reflects the following:

The amounts recognized in the statement of net assets available for benefits are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Defined benefit obligation	1,313	1,221
Net defined benefit liability (asset)	**1,313**	**1,221**

The change in defined benefit obligation are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Defined benefit obligation at beginning of year	1,221	1,263
Interest expense	65	36
Effect of changes in demographic assumptions	(4)	399
Effect of changes in financial assumptions	41	(474)
Effect of experience adjustments	(10)	(3)
Defined benefit obligation at end of year	**1,313**	**1,221**

The net defined benefit liability reconciliation are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Net defined benefit liability (asset) at beginning of year	1,221	1,263
Defined benefit cost included in P & L	65	36
Total remeasurement included in OCI	27	(78)
Net defined benefit liability (asset) as of end of year	**1,313**	**1,221**

22. PSPB Post-Retirement Healthcare Obligation (continued)

The components of defined benefit cost are as follows:

	31 December 2023 $'000	31 December 2022 $'000
Interest expense on DBO	65	36
Defined benefit cost included in P & L	65	36
Remeasurements (recognized in other comprehensive income)		
Effect of changes in demographic assumptions	(4)	399
Effect of changes in financial assumptions	41	(474)
Effect of experience adjustments	(10)	(3)
Total Remeasurement included in OCI	27	(78)
Total defined benefit cost recognized in P&L and OCI	92	(42)

The sensitivity analysis on defined benefit obligation is shown below:

	31 December 2023 $'000	31 December 2022 $'000
1. Discount rate		
a. Discount rate – 25 basis points	52	51
b. Discount rate + 25 basis points	(50)	(49)
2. Health care cost trend rates		
a. Health care cost trend rates – 100 basis points	(183)	(178)
b. Health care cost trend rates + 100 basis points	222	218
3. Mortality		
a. Post-retirement mortality assumption + 10%	(57)	(52)

The estimated defined benefit cost for the following year (FY 2023) is as follows:

	Amount ($000)
Interest expense on DBO	67

22. PSPB Post-Retirement Healthcare Obligation (continued)

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine benefit obligations

	31 December 2023	31 December 2022
Discount rate	5.15%	5.35%
Health care cost trend rates		
Immediate trend rate	5.19%	5.28%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Post-retirement mortality assumption	RP-2014 projected w/ MP-2021	RP-2014 projected w/ MP-2021

Weighted-average assumptions to determine defined benefit cost

	31 December 2023	31 December 2022
Discount rate	5.35%	2.95%
Health care cost trend rates		
Immediate trend rate	5.28%	5.33%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Post-retirement mortality assumption	RP-2014 projected w/MP-2021	RP-2014 projected w/MP-2021

22. PSPB Post-Retirement Healthcare Obligation (continued)

Actuarial Assumptions:

The assumptions as at the reporting date are used to determine the present value of the Defined Benefit Obligation (DBO) at that date and the defined benefit cost for the following year. The Actuary used actuarial assumptions selected by the PSPB, which are consistent with the assumptions used to determine the results for the Government's post-retirement healthcare program. The principal financial and demographic assumptions used at 31 December 2023 and 31 December 2022 are shown in the following table below.

Economic Assumptions	Post-Retirement Healthcare	Basis of Development – Accounting Specific Assumptions
Discount rate (p.a.) • 31 December 2022 • 31 December 2023	 5.35% 5.15%	Per IAS 19 para. 83, determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bond yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
Administrative expenses	Included in claim cost assumptions	-
Rate of Medical Inflation (p.a.)	5.33% per annum in 2021 grading down to 4.00% per annum in and after 2045 for healthcare costs	Based on Mercer U.S. November 2021 Retiree Medical Trend Model.
Current mortality rates	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada show that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table has been updated to better reflect actual mortality improvement rates experienced in the US over the last 20 years.
Mortality improvements • 31 December 2022 • 31 December 2023	 Scale MP-2021 Scale MP-2021	Broad consensus amongst longevity experts that mortality improvement will continue in the future. Scale MP-2014 was released October 2014. In the U.S., the latest future mortality improvement scale issued by the Society of Actuaries is Scale MP-2021.
Disability rates	None	-
Retirement Age	Age 50 & 10 years of service	-
Marital assumption	80% married, wife 3 years younger	-
Current healthcare claims cost assumption	Based on 2021 premium rates: Health - $12,440 per participant Dental - $200 per participant	Based on actual Cayman Island Government pensioner experience from 1 January 2018 to 31 December 2019, in 2021 dollars, adjusted to age 65 using healthcare utilization differences due to age.
Healthcare coverage - future pensioners	Male - 27% single, 73% family Female - 50% single, 50% family	Based on Cayman Islands Government experience.
Healthcare utilization changes due to age	Mercer standard healthcare aging assumptions for medical and dental	Based on analysis of healthcare utilization for Mercer clients in Canada and US.

22. PSPB Post-Retirement Healthcare Obligation (continued)

Actuarial Methods

Benefit obligations are estimated using the Projected Unit Credit method. Under this method each participant's benefits under the Plan are attributed to years of service, taking into consideration projection of benefit costs. Thus, the estimated total benefit to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A description of the calculation follows:

- An individual's estimated accrued benefit for valuation purposes is the projected benefit at the full eligibility date, or current age if later, multiplied by the ratio of service at the valuation date over service at the full eligibility date. Service for this purpose is measured from 10 years prior to full eligibility. The full eligibility date for this plan is the minimum of age 50 with 10 years of continuous service.
- The benefit attributed to an individual's service during a plan year is the excess of the attributed benefit for valuation purposes at the end of the plan year over the attributed benefit for valuation purposes at the beginning of the plan year. Both attributed benefits are estimated from the same projections to the various anticipated separation dates.
- An individual's estimated benefit obligation is the present value of the attributed benefit for valuation purposes at the beginning of the plan year, and the service cost is the present value of the benefit attributed to the year of service in the plan year.

In all cases, the Defined Benefit Obligation is the total present value of the individuals' attributed benefits for valuation purposes at the measurement date, and the Service Cost is the total present value of the individuals' benefits attributable to service during the year.

Participant Data

	31 December 2022	30 September 2019
Active Members		
Number	2	2
Average years of service	40 years	37 years
Average years of service after age 40	21 years	18 years
Average age	61	58
Pensioners		
Number	0	0
Average Age	0	0

23. Balances Attributable to Each Plan in Respect to Total Net Assets Available for Benefits

Net assets available for benefits accumulated fund consist of the following components:

	31 December 2023 $000	31 December 2022 $000
Public Service Pension Plan	1,133,557	939,949
Judiciary Pension Plan	6,710	6,325
Parliamentary Pension Plan	3,996	4,554
Total	**1,144,264**	**950,828**

Having completed a full cycle with the IAS 19 and Funding valuations at the same year end, (31 December), our Actuary, Mercer performed some additional checks of the cash flow and membership movements reflected in the IAS 19 reports in comparison with those captured in the funding valuation.

The true-up reallocations from CIG to Statutory Authorities and Government Companies (the SAGs) are driven largely by the difference in IAS19 and funding valuations in respect of:

1) Benefit payouts attributed to SAG captured as CIG benefit payments
2) Asset transfer from SAG to CIG in respect of some retiring members not captured in the IAS19 asset allocation

24. Subsequent Events

Funding of WCM Investment Management, LLC ("WCM was completed on 27 February 2024. Other than the foregoing, Management is not aware of any other events after the reporting date that would have an impact on the financial statements as at 31 December 2023.

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