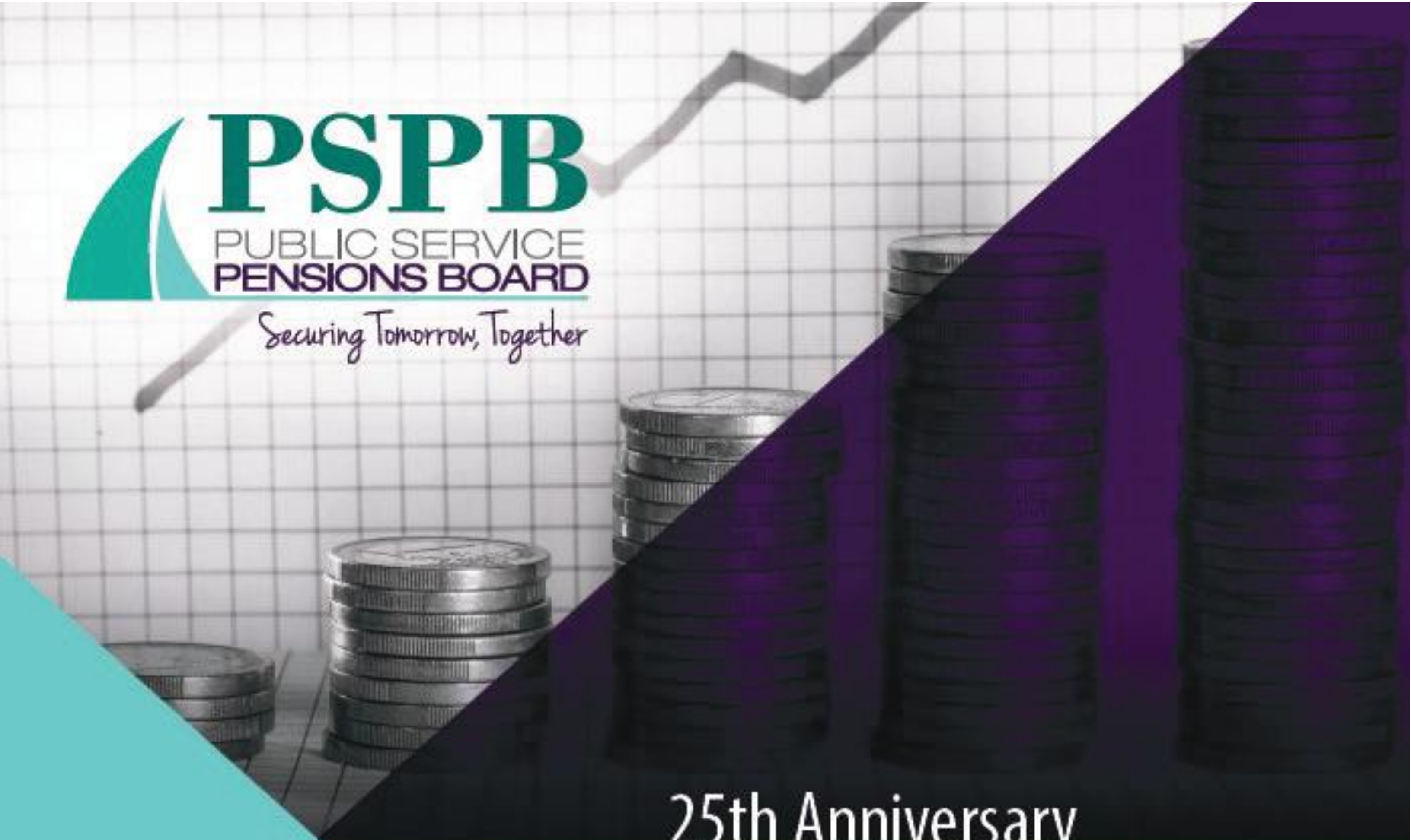


PSPB
PUBLIC SERVICE PENSIONS BOARD
Securing Tomorrow, Together

25th Anniversary ANNUAL REPORT 1992-2017

CONTENT

Pensioners Appreciation event at Pedro St. James, April 2017

ABOUT US

VISION

Be recognized as best in class for investments and member services.

MISSION

Deliver excellence in member services - securing tomorrow, together.

CORE VALUES

Professional
Our conduct is appropriate

Kindness
We treat people with compassion

Respect
We honour our commitments

Partnership
We recognize and respond to the needs of others

Integrity
We do what is right

Innovation
We are creative and have the courage to change

Performance
We act in the best interest of the membership

CHAIRMAN'S & MANAGING DIRECTOR'S FOREWARD

There are a number of reasons that closing the books on 2017 marks a special occasion for the Public Service Pensions Board. In particular, an unusually long eighteen (18) month fiscal period (which was necessary in order to synchronize the fiscal year with the calendar year going forward), global markets rebounding in a big way, and the PSPB celebrating its 25th Anniversary.

In 2016, the resilience of the Pension Funds and the Board's investment strategy was put to the test through one of the most trying investment cycles in recent memory. Everything from "Brexit" to the Federal Reserve's second rate hike in almost a decade, seemed to be contributing to a perfect storm of factors that dragged returns down firmly into single digits; 5.3% over the year to be exact.

As anticipated, the market corrected itself in 2017 and our investment returns climbed out of the slump from the previous year. It is noteworthy that, not only did returns rebound, the Pension Funds reached 18.5% over the one year period and surpassed its benchmark by 0.2% for the period.

While the Pension Funds were growing by leaps and bounds thanks to booming global markets, the organization was reflecting on all that has taken place for the PSPB over the last quarter century.

Through the course of the 2017 calendar year the PSPB celebrated its 25th Anniversary with various events including several initiatives that actually brought the organization "back to its roots". By reinitiating Pensioner Appreciation events (which were a staple of the past but had not been held in nearly a decade), as well as committing to a more regular presence in Cayman Brac on a quarterly basis, the PSPB renewed its focus on "Member Services".

In support of delivery of excellence in Member Services, the PSPB rebranded itself in a more tangible manner. After several months of effort and planning, the Managing Director and the Branding Committee were able to unveil a fresh new corporate colour pallet and logo at the 25th Anniversary Gala to positive reviews all around.

Looking forward to 2018, the PSPB expects favourable market conditions to continue – albeit at a reduced rate – which should keep investment returns strong. The organization also has plans to launch PSPB 2022 Strategy: "Driving Plan Sustainability".

Mr. Kenneth Jefferson, JP
Chairman

Mrs. Jewel Evans Lindsey
Managing Director & Administrator

Chairman recognizing the Managing Director for her 25 years of Board Membership at the 25th Anniversary Gala

Securing Tomorrow, Together

Section 1
Governance Report

Deputy Governor recognized current and former Board Members for their service at the PSPB 25th Anniversary Gala.

Board of Directors

Chairman
Mr. Kenneth Jefferson, JP
Financial Secretary and Chief Officer

Mrs. Jewel Evans Lindsey
Managing Director & Administrator

Mr. Wesley Howell
Chief Officer, Ministry of Human Resources & Immigration

Mr. James Watler, JP
President, Cayman Islands Civil Service Association (Representative)

Mr. Kirkland Nixon MBE, QFSM, JP
Pensioners Representative

Board Support

Ms. Bethany Powery-Ebanks
Executive Secretary to the Board

Senior Management Team

Mrs. Jewel Evans Lindsey
Managing Director & Administrator

Ms. Ledra Lawrence
Deputy Managing Director/ Chief Member Services Officer (Trainee)

Mr. Stephen Nichols
Chief Pensions Officer

Ms. Faith Ebanks
Chief Financial Officer

Ms. Angella Bent-Thomas
Chief Human Resources and Operations Officer

Mr. Cal Powery
Chief Information Officer

Advisors

Actuary	*Mercer* Toronto, Ontario Canada
Attorneys	*Attorney General's Chambers, Cayman Islands Government* George Town, Grand Cayman Cayman Islands *Pillsbury Winthrop Shaw Pittman, LLP* New York, New York U.S.A
Auditor	*Office of the Auditor General* George Town, Grand Cayman Cayman Islands
Global Custodian	*CIBC Mellon* *Toronto, Ontario* *Canada*
Investment Advisors	*Advisory Capital Group* *Toronto, Ontario* *Canada*
Investment Managers	*Independent Franchise Partners* London, England U.K. *Magellan Financial Group* Sydney Australia *Morgan Stanley* New York, New York U.S.A *PIMCO* Newport Beach, California U.S.A *Wellington Management Company* Boston, Massachusetts U.S.A

PSPB 2022 Strategy: Driving Plan Sustainability

PSPB 2022 Strategy

- Aligns with our "Member Services" focus;
- Sets the operational direction for the next 5 years; and
- Sets out a stakeholder driven 5-year roadmap to advance PSPB toward our vision to provide a best in class investment programme and excellence in the delivery of Member Services whilst maintaining sustainability.

PSPB 2022 Strategic Goals

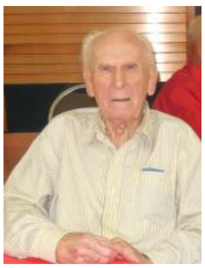
- To improve the long-term pension benefit/plan sustainability;
- Cultivate at all levels (Board to Managing Director to management to administrative staff) a high performing, risk-intelligent and innovative organization focusing on Member Services; and
- Engage in Government policy development to enhance the long-term sustainability and effectiveness of our pension schemes.

Section 2
Celebrating 25 Years
1992-2017

Founding Members of the Public Service Pensions Board

Founding Chairman

Hon. Thomas Jefferson, OBE, JP



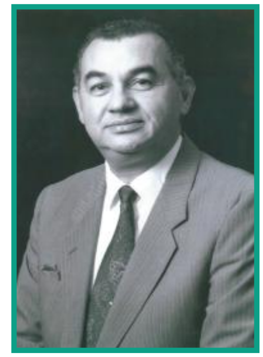
A.C.E. Long, CMG, CBE

Mr. Kirkland Nixon MBE, QFSM, JP

A. Joel Walton, JP

Jewel Evans Lindsey

Section 2 CELEBRATING 25 YEARS



The Public Service Pensions Board (PSPB) celebrated 25 years of success with a number of celebrations throughout the year.

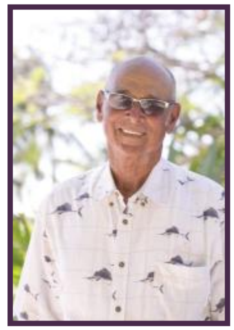
The celebrations kicked off on the 25th and 26th of February 2017 with a 25th Anniversary message being delivered through local churches across the three Islands. The message was of thanksgiving for PSPB's quarter century of operation and a reminder that all things are possible with God's help. By sending this message through the churches it was hoped that many of the PSPB's nearly 10,000 members (pensioners and active) would hear the message and join the organization in celebrating in some small way.

A dinner event was held on the 3rd March 2017 at the Kimpton Seafire Resort & Spa. Highlights of the evening included the unveiling of the PSPB's new logo, an anniversary video featuring music by Grammy Award-winning local and international musicians, speeches from the Acting Governor, H.E. Hon, Franz Manderson, the PSPB Chairman Kenneth Jefferson and its Managing Director Jewel Evans Lindsey as well as awards presented to past and current Board Members and PSPB Staff. The events guests included Government Officials, PSPB Pensioners, PSPB Staff and representatives from PSPB's overseas Advisors.

Section 2 CELEBRATING 25 YEARS

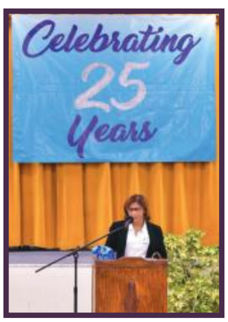







On the 12th April 2017 a Pensioners' Appreciation Event was held at the historic Pedro St. James on Grand Cayman. The PSPB partnered with Government and others to put on the event as a thank-you to our retirees for their service and contributions over the years. The celebrations included food stalls with local dishes; entertainment from local favourites including Jubilate, John Gray Swing Band, Swanky Kitchen Band and Nasaria Cholette; free health screenings from the Health Services Authority; information booths from Meals on Wheels and the Seventh-Day Adventist Church; free groceries from the Cayman Islands Lions Food Pantry; prizes and giveaways. The event was well attended and a good time was had by all.








PSPB Board Members and Staff visited Cayman Brac on the 24th April 2017. The visit started with a 25th Anniversary Board meeting at the District Administration Building. PSPB partnered with Government and others to host a Pensioners' appreciation event at the Aston Rutty Centre, Cayman Brac. Students' gold-medal-winning performances from the National Children's Festival were preformed throughout the evening. Free health screens were provided by the Faith Hospital staff and information booths included CINICO, Seventh-Day Adventists and the PSPB. The District Administration staff prepared a display of photos of past Civil Servants of the Sister Islands. Local dishes and beverages were enjoyed by all. The night ended with a stellar performance by the Brac Fire Band.

Section 3
General Information

PSPB kicked off its 25th Anniversary events with church services across the 3 Islands (Photo: Emslie Memorial United Church; symbol of our Cayman Christian heritage) .

Sponsoring 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*
- *National Housing and Development Trust*
- *National Roads Authority*
- *Public Service Pensions Board*
- *Utility Regulation and Competition Office of the Cayman Islands*

Section 3 GENERAL INFORMATION

The head office of the Public Service Pensions Board (the Board) is located at 133 Elgin Avenue in George Town and responsibilities of the Board include but are not limited to, administering the Public Sector Pension Plans (the Plans), investing the Public Sector Pensions Funds (the Funds), communicating with the Plans employers and participants, recommending contribution rates in accordance with the latest actuarial valuation, and recommending amendments to the Plans and quantifying their financial impact, as needed. The main functions of the Funds are to receive prescribed contributions, invest and pay-out pension benefits as they become due under the Law. The Funds are vested in the Board.

The Board was re-established as a Statutory Authority on 14 April 1999, by virtue of the Public Service Pensions Law, 1999, which repealed the Pensions Law (1999 Revision) and was since revised periodically, culminating in the Public Service Pensions Law (2017 Revision) (the Law).

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 Law.

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.

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 defined benefit costs are recommended by the Board based on the latest 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 Law provides for payment of retirement benefits to eligible participants. The normal retirement age with effect from 9 September 2016 is age 65. Prior to this the normal retirement age was age 60. However, participants 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 Law 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.

Section 3 GENERAL INFORMATION

Judicial Pension Plan

Judges of the Grand Court of the Cayman Islands participate in the Judicial Pensions 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 duly belonging to the Judges of the Grand Court 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 Law (2013 Revision). Provisions contained in the Public Service Pensions (Ex-Gratia Pensions) Regulations (2012 Revision) and the Public Service Pensions (Ex-Gratia Pensions) (Amendment) Regulations 2011 are also applicable to the administration of Ex-Gratia Pensions. The ex-gratia recipients are former Caymanian Civil Servants over the age of 60, 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 an ex-gratia pension of $300 per month. Those with 10 or more years of service receive an 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.

The Board does not charge a fee for the administration of the Ex-Gratia Pensions.

Section 4
Administration Report

PSPB Staff group photo taken in recognition of 25th Anniversary.

2016/17 In Review

Key Activities

During the reporting period the administration team commenced its restructure from the ‘Plan Administration Department’ to the ‘Pensions Administration and Member Services’ (PAMS) team. The restructure included the appointment of a new Chief Pensions Officer and a new Quality Control and Compliance Officer. The key activities undertaken during the 18-month period were:

- implementation of the increase to the normal retirement age from 60 to 65;
- implementation of the changes to employer’s contribution rates;
- implementation of a suite of new Standard Operating Procedures;
- re-introduction of regular quarterly visits to Cayman Brac;
- completion of a competency based staff education programme, and
- completion of multiple employer and membership engagement activities.

Membership and Activity

Over the course of the reporting period the PAMS team processed 1,300 member tasks. These tasks included:

- 364 interim benefit statements;
- 144 cash outs and transfers;
- 122 retirements; and
- 92 benefit projections.

Walk-in Service

If Members want to find out information specific to their pension eligibility they can meet one-on-one with a Member Services Representative. Walk-In Service at our head office is available Monday to Friday or by appointment.

Once again this has proved to be a very popular service. During the reporting period 6,461 member visits were recorded, made up from: 298 pre-arranged appointments and 6,163 walk-ins.

Annual Events

Pension Continuation Confirmation Certificates

As required by statute, annually the Public Service Pensions Board (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. 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 the Legislative Assembly or the Administrator (which is the Managing Director, 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 2016/17, 1,921 PCCCs were distributed and 1,628 were returned by the required deadline.

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. For the second year in succession the ESO confirmed a downward trend in CPI (or deflation) and as a result there was no augmentation for 2016/17.

Credited Rate of Return and Benefit Statements

The Credited Rate of Return (CRR) on contributions is a three-year geometric average of the Funds' returns net of expense. Our Membership benefits from this methodology as they are less vulnerable to market fluctuations. The 2016 Funds return was 4.65% however the CRR applied to the Members account was 4.92%. See page 23 for historic information on the CRR.

Annually, the PSPB distributes benefit statements to all active members. The statements aid 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 for the statement period; and
- The CRR 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 2016/17 4,968 were distributed to our 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 and feedback has been positive and continues to enhance the process.

During the reporting period a programme of employer and staff briefings were held on the changes to the normal retirement age and the new arrangements for members returning to work after retirement.

Monthly presentations were given to new members in association with the Portfolio of the Civil Service new staff orientation sessions.

Bespoke staff and employer presentations were also held for the Fire Service, RCIPS, Education, HSA, Audit Office, Children and Family Services, CAYS Foundation and District Administration.

Staff Training

The following training courses/learning forums were attended by one or more members of staff during the fiscal period :

- CIG Professional Development Week;
- BPS Psychometric Professional Training Course;

Staff Training Continued

- CIPD Annual Conference;
- CIIPA - IFRS/GAAP Update Course;
- Armour Information Security Conference Expo 2017;
- Cyber Connect 2017;
- AICPA - Women's Global Leadership Conference;
- CI Data Protection Law & Cybersecurity Conference;
- IFEBP - 63rd Annual Employee Benefits Conference; and
- Pensions and Lifetime Savings Association - Annual Conference 2017.

With the PSPB's renewed focus on Member Services, members of the PAMS team attended training sessions on: the changes to the normal retirement age, the Public Service Pensions Law (2017 Revision), telephone skills, customer service, Microsoft Excel, Microsoft Outlook and Microsoft Word.

Social Media

In addition to revamping our website www.pspb.ky ,the PSPB introduced a Facebook page that is a frequently updated and used to communicate directly with its membership. The Facebook page can be found at https://www.facebook.com/CaymanIslandsPSPB/

2018 Outlook

Member Services

Building upon the success of 2016/17, PSPB is looking to enhance its services to members and employers during 2018 by the:

- introduction of a case workflow software solution;
- development and introduction of a tailored employer engagement programme;
- development of a KPI based communications strategy
- development of the Quality Control and Compliance function;
- improvement to the customer experience at the front desk; and
- introduction of a PSPB / PSPL based Certificate of Knowledge and Understanding for staff.

Pension Uplift

In August 2017 the Premier announced plans to top-up the pensions of long-serving retired Public Servants, to align minimum pensions with the level of poor relief. The PSPB in partnership with the Portfolio of the Civil Service will implement a minimum pension threshold of $650 per month in 2018 and $750 in 2019, to achieve this objective.

Funding Actuarial Valuation

The 2017 Funding Actuarial Valuation exercise was completed and reports are being finalized for submission to Cabinet for consideration and Tabling in the Legislative Assembly. After which the PSPB will ensure implementation and collection of contributions based on the new regulations in order to maintain the long-term sustainability of the Funds.

Section 5
Investment Report

Investment Overview

Growth of the Fund

The Funds continue to remain in good financial health. The Funds hold a diversified portfolio of bonds and equity securities that, over the long term, provides above average returns with minimized variability.

The Funds are subject to an actuarial valuation every three years which assesses the financial viability of the Funds, and the adequacy of the contribution rates for funding of the Plans. The Board also uses the results of funding valuations as the basis for recommendations regarding contribution rates. An actuarial valuation was carried out in 2017 based on assets and liabilities as at 1 January 2017.

The results of the actuarial valuation as at 1 January 2017 determined the past service liability to be approximately $624.6 million. The calculation is made based on pensionable earnings as of the valuation date and reflect the liability in respect of benefits actually earned up to 31 December 2016. Although the Funds remain underfunded, the actuaries determined that the liability for inactive members (existing pensioners and beneficiaries, and those with deferred pensions) is sufficiently covered by available assets. It should be noted that the full liability for additional defined benefit costs is borne by each respective employer.

As at 31 December 2017 the net assets available for benefits stood at $684.8 million which represents an approximate increase of $132.5 million or 24% in net assets available for benefit from 30 June 2016. The market value of the Funds (inclusive of local & foreign investment) at the same date was approximately $676.1 million, representing an increase of $141.7 million from 30 June 2016.

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 Law 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

Market Summary

Global Equities

Over both the 4th quarter of 2016 and 2017, the 8-year-old bull market continued its late-cycle advance on the strength of world GDP and a rising, but still low, interest rate environment. These factors, along with the promise of lower taxes in the U.S., helped fuel global financial markets, generating strong returns. Additionally, a continued rise in material and energy prices around the globe bolstered returns, led by a sharp recovery in emerging markets.

Global stocks were buoyed by synchronized global economic growth and modest inflation that propelled robust corporate earnings growth, and stronger returns, which exceeded expectations. Both the MSCI World Index and the MSCI All Country World Index posted moderately positive returns over the 4th quarter of 2017, of over 5%.

Given the positive fundamentals and the corresponding massive flows into index funds based on the passage of the tax bill in the U.S. generating higher profits and the global growth story, the big question remains as to whether U.S. corporations will use increased profitability to increase capital spending and hiring or whether companies will continue to plow the excess funds into share buybacks.

Global Investment Grade Credit

U.S. Treasury yields rose over the 4th quarter of 2017, and the yield curve flattened, amid growing momentum behind a tax reform bill expected to stimulate growth and inflation. In examining what has driven growth in the U.S., what is notable is that the consumer spending is roughly 70% of the economy and is well positioned to continue to spend and boost total economic activity over the next year. Over the last 12 months, the U.S. private sector has added 2.5 million jobs, incomes and wealth have risen, and consequently, access to credit has improved. Moving forward, over the next 12 months, a recession in the U.S. remains unlikely as there are few imbalances in the economy, and accommodative central bank policy should help extend the duration of this economic and credit cycle.

These positive fundamental factors, combined with a solid U.S. banking sector, relatively low borrowing rates and a reasonably confident consumer outlook, help explain consumers' willingness and ability to spend on the goods and services produced by companies, which will likely keep credit default risk low. Given rising yields, credit continues to be especially attractive as an alternative to high concentrations in government bonds.

Corporate bonds capped a good year with positive total returns, outperforming government bonds. Investment grade credit saw stronger returns as the broader market index delivered returns of 1.1% over the 4th quarter 2017 and 5.4% over the 1-year period.

Global credit bonds under active management posted positive returns of 1.0% over the 4th quarter of 2017 and 7.1% for the 1-year period. The annual performance was ahead of the benchmark by 1.7%.

Funds' Performance

During the 4th quarter 2017, the overall return of the PSPB Funds was a positive 4.1% which was behind the policy benchmark by 50 basis points. Over the 1-year period ending December 31, 2017, the PSPB Funds' return was 18.5%.

Performance over the 2017 calendar year was marginally ahead of the policy benchmark with 20 basis points of value added. Longer term, over the 5-year period, performance remained strong at 10.7%, with value added of 1.5%

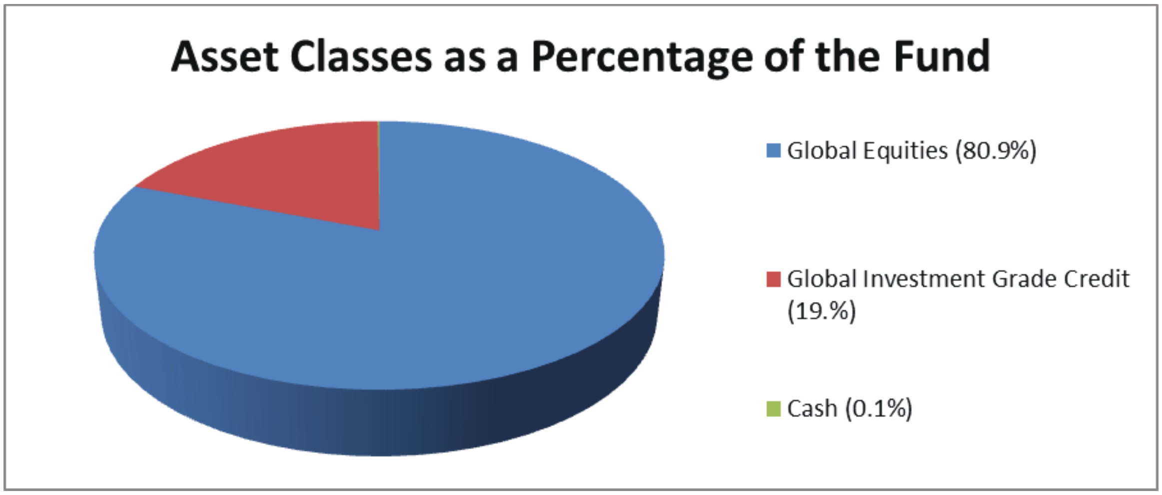
On a relative basis, the PSPB Fund's overall performance ranked at the 30th percentile for the 4th quarter 2017 and at the 34th percentile rank for the 1-year period. Longer term, being the 5-year period, the PSPB Funds' relative ranking remained at the 3rd percentile.

During the 4th quarter, 2016, the overall return of the PSPB Funds was a positive 1.8%, ahead of its policy benchmark by 50 basis points. Over the 1-year period, the PSPB Funds' return was 5.3%, maintaining a substantial active management premium of 6.0% over the policy benchmark which was a negative 0.7%.

Longer term, annualized returns and value added remained strongly positive, with a 5-year return of 9.3%, and a 3.5% in value added performance;

On a relative basis, the PSPB Funds' overall performance ranked at the 42nd percentile for the 4th quarter 2017 and at the 5th percentile rank over the 1-year period. Longer term, being the 5-year period, the PSPB Funds' relative ranking is at the 1st percentile.

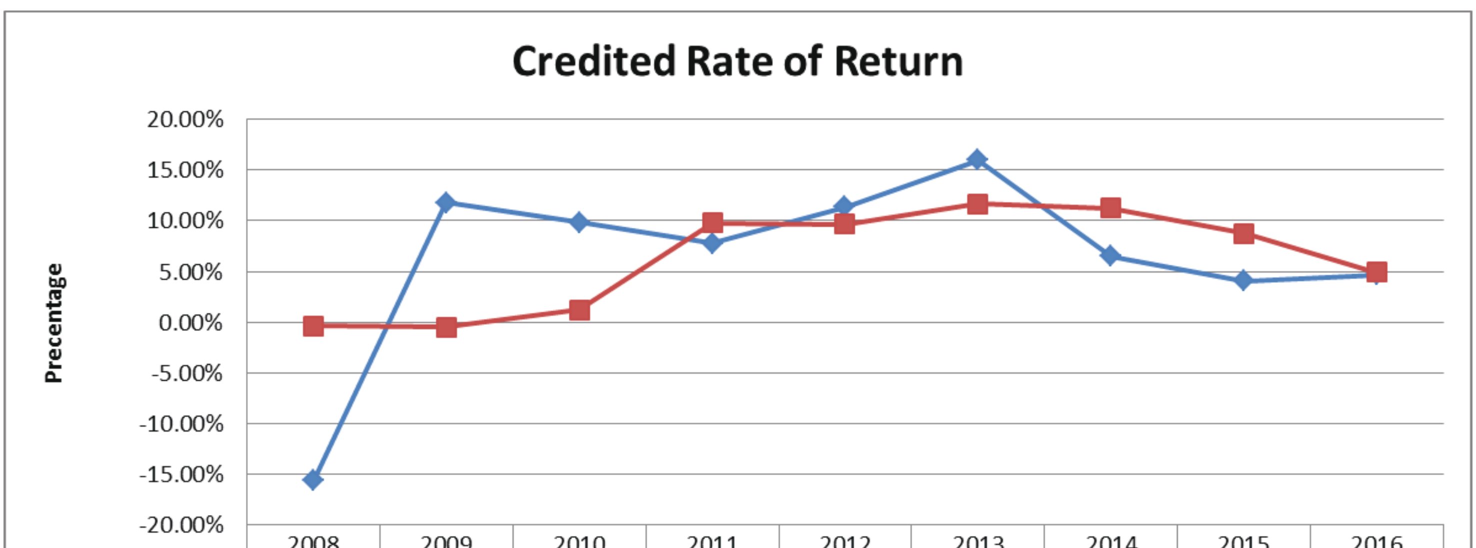
Fund Asset Mix



Credited Rate of Return

The Credited Rate of Return (CRR) on contributions, calculated annually, is based on a three-year geometric average of actual returns, net of expenses, which amounted to a positive 4.92% for calendar year 2016. As a result all participant contribution accounts would have been credited at the beginning of calendar year 2017 with an interest base of 4.92 %. Graph 1 indicates the CRR earned for the period 2008 to 2016 expressed in percentages.

Graph 1



	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fund Return	-15.56%	11.77%	9.85%	7.78%	11.36%	15.99%	6.49%	4.03%	4.65%
CRR	-0.41%	-0.49%	1.21%	9.79%	9.65%	11.66%	11.21%	8.72%	4.92%

Section 6
Financial Statements

PSPB hosted its' 25th Anniversary Pensions Event in Grand Cayman at Pedro St. James, the birthplace of democracy in the Cayman Islands.

Public Service Pensions Board

Financial Statements

31 December 2017

PUBLIC SERVICE PENSIONS BOARD

FINANCIAL STATEMENTS
FOR THE 18 MONTH FINANCIAL PERIOD ENDED
31 December 2017

PSPB
PUBLIC SERVICE
PENSIONS BOARD
Securing Tomorrow, Together

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Public Service Pensions Board
Financial Statements
31 December 2017

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 Law (2017 Revision).*

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2017 Revision).*

As Chairman and Managing Director, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Public Service Pensions Board.

As Chairman and Managing Director 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, statement of accumulated plan bebefits and statement of cash flows for the 18 month financial year ended 31 December 2017.

To the best of our knowledge, we represent that these financial statements:
(a) are completely and reliably reflect the financial transactions of Public Service Pensions Board for the 18 month financial year ended 31 December 2017;
(b) fairly reflect the financial position as at 31 December 2017 and performance for the 18 month financial year ended 31 December 2017;
(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.

Mr. Kenneth Jefferson, JP	J C Lindsey Jewel Evans Lindsey
Chairman	Managing Director
Public Service Pensions Board	Public Service Pensions Board
Date- 30 April 2018	Date- 30 April 2018

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CAYMAN ISLANDS

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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 "Board"), which comprise the statement of net assets available for benefits as at 31 December 2017 and the statement of changes in net assets available for benefits, statement of accumulated plan benefits and statement of cash flows for the 18-month period from 1 July 2016 to 31 December 2017, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 12 to 46.

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 2017 and its financial performance and its cash flows for the 18-month period from 1 July 2016 to 31 December 2017 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 Board in accordance with the International 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.

Emphasis of Matter

I draw attention to Notes 14 and 15 to the financial statements which describe that the January 1, 2017 tri-annual Actuarial Valuation Reports which were finalized by the Board and its actuaries and are awaiting approval by the Cabinet. As a result, contributions received and contributions receivable are based on the recommended contribution rates contained in the 2014 Funding Actuarial Valuations which were the last approved contribution rates.

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 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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.

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 Board '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 Board'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 Board 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)(ii) of the *Public Management and Finance Law (2017 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	30 April 2018
Auditor General	Cayman Islands

Public Service Pensions Board
Statement of Net Assets Available for Benefits
As at 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017	2017	2016	2016
		$000		$000
Assets				
Current assets				
Cash and cash equivalents				
Cash on hand and in bank	10,018		21,641	
Term deposits (Note 3)	56	10,074	56	21,697
Investments, at fair market value (Note 4)		676,075		534,371
Receivables				
Contributions receivable				
Employees' contributions	1,396		749	
Employers' contributions	1,396		758	
Employers' - Additional defined benefit costs	35		464	
Additional Normal Cost (ANC)	32		-	
Ex-Gratia Receivables	345			
Other receivables	259	3,463	155	2,126
Prepaid expenses	-	-	5	5
Total current assets		689,612		558,199
Non-current assets				
Fixed assets (Note 5)		47		75
Intangibles				
Pension administration system (Note 6)		-		143
Total non-current assets		47		218
Total assets		689,659		558,417
Liabilities				
Current liabilities				
Benefits due (Note 13)		2,022		2,942
Post-Retirement healthcare obligation (Notes 22)		1,300		1,317
PSPB deferred benefit liability (Note 21)		(211)		516
Investment management fees		902		578
Accounts payable		217		292
Overpaid grants (Note 7)		-		244
Overpaid Contributions		249		-
Other liabilities		348		238
Total current liabilities		4,827		6,127
Total liabilities		4,827		6,127
Net assets		**684,832**		**552,290**
Represented by:				
Net assets available for benefits:				
Accumulated fund (Note 23)		**684,832**		**552,290**

Kenneth Jefferson, JP
Chairman

Jewel Evans Lindsey
Managing Director

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

Public Service Pensions Board
Public Service Pension Plan
Statement of Changes in Net Assets Available for Benefits
For the 18 month period ended 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017 $000	2016 $000
Pensions		
Contributions (Note 20)		
Employees	24,358	13,773
Employers	23,702	13,214
Employers - Additional defined benefit cost	27,420	30,595
Total	75,480	57,582
Pre-Funded Ex-gratia pensions (Note 8)	2,070	1,200
Total contributions	**77,550**	**58,782**
Benefits paid to participants (Note 11)		
Public service pensions	(47,511)	(34,486)
Ex-Gratia pensions (Note 8)	(1,960)	(1,274)
Total benefits paid to participants	(49,471)	(35,760)
Net pensions	**28,079**	**23,022**
Investing		
Investment income		
Realized gain on sale of investments – net	41,908	26,966
Dividends earned on investments	10,815	6,851
Unrealized gain/(loss) on investments – net	67,352	(6,057)
Realized loss on foreign exchange	(3,616)	(1,093)
Interest earned on investments	78	56
Interest earned on term deposits and call accounts	23	4
Total investment income	**116,560**	**26,727**
Investment expenses		
Investment management and custodial fees (Note 16)	(7,525)	(4,344)
Other investment expenses	(25)	(39)
Total investment expenses	**(7,550)**	**(4,383)**
Net investment income	**109,010**	**22,344**
Operating		
Operating income		
Other income	96	159
Total operating income	**96**	**159**
Operating expenses		
Administrative expenses (Note 12)	(4,963)	(3,584)
Depreciation and amortization (Notes 5 and 6)	(186)	(143)
Write-off of accounts receivable and stale-dated items	305	(60)
Total operating expenses	**(4,844)**	**(3,787)**
Net operating loss	**(4,748)**	**(3,628)**
Other comprehensive income/(loss)	**957**	**(46)**
Net increase in net assets available for benefits	**133,298**	**41,692**
Allocation of Net Increase in in Assets		
Attributable to PPP (Note 9)	**(299)**	**(542)**
Attributable to JPP (Note 10)	**(262)**	**(282)**
Attributable to PSPP	**132,737**	**40,868**
Net assets available for benefits at start of period (Note 23)	**540,033**	**499,165**
Net assets available for benefits at end of period (Note 23)	**672,770**	**540,033**

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

Public Service Pensions Board
Judicial Pension Plan: Supplemental Information
Statement of Changes in Net Assets Available for Benefits
For the 18 month period ended 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017 $000	2017 $000	2016 $000	2016 $000
Assets				
Net assets available for benefits at beginning of year (Notes 10 and 23)				
Pension		5,209		4,783
Contributions				
Employees	138		86	
Employers	231		149	
Employers - Additional defined benefit cost	86		52	
Total contributions		455		287
Benefits paid to participants		(214)		(143)
Net pensions		241		144
Net investment income		262		282
Net increase in net assets available for benefits		503		426
Net assets available for benefits at end of period (Notes 10 and 23)		**5,712**		**5,209**

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

Public Service Pensions Board
Parliamentary Pension Plan: Supplemental Information
Statement of Changes in Net Assets Available for Benefits
For the 18 month period ended 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017	2017	2016	2016
	$000	$000	$000	$000
Net assets available for benefits at beginning of year				
(Notes 9 and 23)		7,048		7,409
Pensions				
Contributions				
Employees	203		186	
Employers	203		186	
Past Service Liability (PSL)	1,742			
Employers - Additional defined benefit cost	-		-	
Total contributions		2,148		372
Liabilities				
Additional Normal Costs		(376)		-
Benefits paid to participants		(2,769)		(1,274)
Net pensions		(997)		902
Net investment income		299		542
Net increase in net assets available for benefits		(698)		(360)
Net assets available for benefits at end of Period				
(Notes 9 and 23)		**6,350**		**7,048**

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

Public Service Pensions Board
Statement of Cash Flows
For the 18 month period ended 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017 $000	2016 $000
Cash flows from operating activities		
Receipts		
Contributions received from employees	21,726	13,448
Contributions received from employers	21,432	13,806
Other income received	198	40
Net investment income received	81	13
Total	**43,437**	**27,307**
Payments		
Benefits paid to participants - Public Service	(48,162)	(33,642)
Administrative expenses paid	(4,299)	(3,407)
Investment management fees and other expenses paid	(5,683)	(3,041)
Benefits paid to participants - Ex-Gratia	(1,960)	(1,274)
Total	**(60,104)**	**(41,364)**
Net cash used in operating activities	**(16,667)**	**(14,057)**
Cash flows from investing activities		
Proceeds from sale of investments	4,679	517
Purchase of investments	(32,269)	-
Purchase of fixed assets and intangibles	(16)	(30)
Net cash applied to investing activities	**(27,606)**	**487**
Cash flows from financing activities		
Contributions received from employers - Additional defined benefit	31,305	30,592
Ex-gratia grant and prepaid Ex-gratia grant	1,725	1,500
Net cash received from financing activities	**33,030**	**32,092**
Cash flows from judiciary contributions		
Contributions received from employer	231	149
Contributions received from employees	138	86
Contributions received from employer - defined benefit	86	52
Benefits paid to participants	(214)	(143)
Net cash received from judiciary contributions	**241**	**144**
Cash flows from parliamentary contributions		
Contributions received from employer	203	186
Contributions received from employees	203	186
Contributions received from employer - defined benefit	1,742	-
Benefits paid to participants	(2,769)	(1,274)
Net cash received from judiciary contributions	**(621)**	**(902)**
Net (decrease)/increase in cash and cash equivalents during the period	(11,623)	17,764
Cash and cash equivalents at beginning of period	21,697	3,933
Cash and cash equivalents at end of year (Note 3)	**10,074**	**21,967**

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

Public Service Pensions Board
Supplemental Statement of Accumulated Plan Benefits
For the 18 month period ended 31 December 2017
(Expressed in Cayman Islands Dollars)

	2017	2016
	$000	$000
Actuarial present value of accumulated plan benefits (Note 14)		
Inactive and Active Participants	(624,239)	(624,239)
Total actuarial present value of accumulated plan benefits	(624,239)	(624,239)
Fund's net assets available for benefits at year-end (Note 23)	**684,832**	**552,290**
Fund income/(deficit)	**60,593**	**(71,949)**

The accounting policies and notes on pages 12 to 46 form part of these financial statements.

1. Introduction and Background information

a. Introduction

The Public Service Pensions Board (the "Board") was re-established as a Statutory Authority of the Cayman Islands Government on 14 April 1999. Principal place of business is the Government Administration Building, 133 Elgin Avenue, Grand Cayman, Cayman Islands. The Board's responsibilities include, but are not limited to, administering the Government-sponsored pension plans which consist of the Public Service Pensions, Parliamentary Pensions, Judicial Pension and Ex-gratia Pension Plans, administering the combined pension funds (the "Fund"), investing all contributions received from participants of the aforementioned Plans into the Fund, providing pension benefits as required under the Law, 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 Law (2017 Revision)* (the "Law").

b. General background information

The Public Service Pensions, the Parliamentary Pensions and the Judicial Pensions plans each consist of two parts: a Defined Benefit part and a Defined Contribution part. For the main Public Service Pensions Plan (the "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) 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 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) Law, 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

Employees who participate in 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 based on the last approved actuarial results and were as follows:

1. Introduction and Background information (continued)

Employer	DB Employee Contributions Rates	DB Employer Contributions Rates	DB Additional Normal Cost Contribution Rate	DB PSL Contributions Rates	DC Employee Contributions Rates	DC Employer Contributions Rates	DC Additional Normal Cost Contribution Rate	DC PSL Contributions Rates
AA = Cayman Islands Airports Authority*	6%	6%	2%	23%	6%	6%	0%	0%
AF = Sister Island Affordable Housing	6%	6%	5%	n/a*	6%	6%	0%	n/a*
AO = Audit Office	6%	6%	5%	n/a*	6%	6%	0%	n/a*
CA = Civil Aviation Authority*	6%	6%	0%	0%	6%	6%	0%	0%
CC = Community College*	6%	6%	5%	n/a*	6%	6%	0%	n/a*
CF = CAYS Foundation *	6%	6%	5%	n/a*	6%	6%	0%	n/a*
CG = Central Government	6%	6%	5%	n/a*	6%	6%	0%	n/a*
CI = CINICO	6%	6%	0%	0%	6%	6%	0%	0%
CO = Cabinet Office	6%	6%	5%	n/a*	6%	6%	0%	n/a*
CS = Portfolio of the Civil Service	6%	6%	5%	n/a*	6%	6%	0%	n/a*
DA = District Administration	6%	6%	5%	n/a*	6%	6%	0%	n/a*
DB = Cayman Islands Development Bank*	6%	6%	5%	n/a*	6%	6%	0%	n/a*
EA = Electricity Regulatory Authority*	6%	6%	5%	n/a*	6%	6%	0%	n/a*
FD = Portfolio of Finance & Development	6%	6%	5%	n/a*	6%	6%	0%	n/a*
FO = Foreign Office	6%	6%	5%	n/a*	6%	6%	0%	n/a*
HS = Health Services Authority*	6%	6%	3%	3%	6%	6%	0%	0%
HT = Housing Trust*	6%	6%	5%	n/a*	6%	6%	0%	n/a*
IB = Investment Bureau	6%	6%	5%	n/a*	6%	6%	0%	n/a*
IC = ICTA*	6%	6%	0%	0%	6%	6%	0%	0%
IE = Portfolio of Internal & External Affairs	6%	6%	5%	n/a*	6%	6%	0%	n/a*
JD = Judicial Department	6%	6%	5%	n/a*	6%	6%	0%	n/a*
JP = JPP Employees	10%	0%	0%	0%	10%	20%	0%	0%
LA = Portfolio of Legal Admin	6%	6%	5%	n/a*	6%	6%	0%	n/a*
MA = Cayman Islands Monetary Authority*	6%	6%	0%	0%	6%	6%	0%	0%
MC = Ministry of Communications	6%	6%	5%	n/a*	6%	6%	0%	n/a*
ME = Ministry of Education	6%	6%	5%	n/a*	6%	6%	0%	n/a*
MH = Ministry of Health	6%	6%	5%	n/a*	6%	6%	0%	n/a*
MP = Ministry of Planning	6%	6%	5%	n/a*	6%	6%	0%	n/a*
MT = Ministry of Tourism	6%	6%	5%	n/a*	6%	6%	0%	n/a*
OC = Office of the Complaints Commissioner	6%	6%	5%	n/a*	6%	6%	0%	n/a*
PB = Public Service Pensions Board*	6%	6%	0%	0%	6%	6%	0%	0%
PP = Parliamentary Plan	6%	6%	46%	n/a**	6%	6%	0%	0%
RA = National Roads Authority*	6%	6%	0%	0%	6%	6%	0%	0%
SR = Maritime Authority *	6%	6%	0%	0%	6%	6%	0%	0%
TF = Turtle Farm*	6%	6%	5%	0%	6%	6%	0%	0%
WA = Water Authority Cayman*	6%	6%	6%	17%	6%	6%	0%	0%
IO = Information Commissioner's Office	6%	6%	5%	n/a*	6%	6%	0%	n/a*
OP = Office of the premier	6%	6%	5%	n/a*	6%	6%	0%	n/a*
DP = Director of Public Prosecutions	6%	6%	5%	n/a*	6%	6%	0%	n/a*
FS = Ministry of Tourism Financial Services	6%	6%	5%	n/a*	6%	6%	0%	n/a*

* PSL received for the PSPP during the 16/17 fiscal period totalled $30.359 million.

** PSL received for the Parliamentary Plan during the 16/17 fiscal period totalled $1.742 million.

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 of 12% of pensionable earnings of the normal benefit accrual cost plus the annual cost of meeting 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 Law to ensure that risk is not unduly concentrated in any one type of investment or geographical location and, when appropriate, currencies deemed 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 inflation. 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 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.

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.

2. Significant accounting policies (continued)

Reporting period
The reporting period is the year ended 31 December 2017.

In 2016 the decision was made by Cabinet to change the fiscal year-end from 30 June to 31 December. No interim financial statements were prepared for the six month period ended 31 December 2016. As a result, these financial statements represents an 18 month period from 1 July 2016 to 31 December 2017. The comparative figures stated in the statement of net assets available for benefits, statement of changes in net assets available for benefits, statement of accumulated plan benefits and statement of cash flows and related notes are not directly comparable.

Judgments and estimates
The preparation of financial statements in conformity with International Financial Reporting Standards 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 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.

Contributions
Contributions are accounted for on the accrual basis. Both contributions received and contributions receivable in these financial statements are reflective of the contribution rates recommended in the 1 January 2014 actuarial valuation.

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.

Fixed assets
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%

2. Significant accounting policies (continued)

Intangibles

Intangible asset is comprised of externally acquired software for internal use. It is 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. Transactions in US dollars are translated at the rate of US$1.20 = CI$1.00. Assets and liabilities denominated in foreign currencies are translated at the rate prevailing at the date of the Statement of Net Assets Available for Benefits. Exchange gains and losses are recognized in the Statement of Changes in Net Assets Available for Benefits.

Changes in International Financial Reporting Standards

Below are several new standards and amendments that have been issued but are not yet effective. They do not impact the annual financial statements of the Board. The nature and impact of each new standard/amendment is described below:

(i) *IFRS 9 Financial Instruments (replacement of IAS 39) (Effective for annual periods beginning on or after 1 January 2018)*

A finalized version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas: (1) Classification and measurement, (2) Impairment, (3) Hedge accounting and (4) Derecognition.

(ii) *IFRS 15 Revenue from Contracts with Customers (Effective for annual periods beginning on or after 1 January 2018).*

IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 will be applied using a five-step model: 1. Identify the contract(s) with a customer 2. Identify the performance obligations in the contract 3. Determine the transaction price

2. Significant accounting policies (continued)

Changes in International Financial Reporting Standards (continued)

Allocate the transaction price to the performance obligations in the contract 5. Recognise revenue when (or as) the entity satisfies a performance obligation. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. Application guidance is provided in IFRS 15 to assist entities in applying its requirements to certain common arrangements, including licences of intellectual property, warranties, rights of return, principal-versus-agent considerations, options for additional goods or services and breakage.

3. Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of bank balances and term deposits maturing within one year from the financial statement date.

Cash and cash equivalents	**31 December 2017**	**30 June 2016**
	$ 000	**$ 000**
Cash	10,018	21,641
Term deposits	56	56
Total	**10,074**	**21,697**

The detail of the term deposits at Cayman National Bank at 31 December 2017 and 30 June 2016 is shown below:

At 31 December 2017

Account number	**Principal $000**	**Value date**	**Maturity date**	**Interest Rate**
TD-013-06149	56	07 December 2017	7 June 2018	0.3700%
Total	56			

At 30 June 2016

Account number	**Principal $000**	**Value date**	**Maturity date**	**Interest Rate**
TD-013-06149	56	07 June 2016	7 December 2016	0.2400%
Total	56			

3. Investments

The appointed Investment Managers manage the Fund's investments under discretionary investment agreements which conform to the list of Approved Investments detailed in the Schedule 2 of the *Public Service Pensions Law (2017 Revision).*

a) Investment and Market conditions[1]

The Fund (In General)

During the 4th quarter 2017, the overall return of the PSPB Fund was a positive 4.1% which was behind the policy benchmark by 50 basis points. Over the 1-year period ending December 31, 2017, the PSPB Fund's return was 18.5%.

Performance over the calendar year was marginally ahead of the policy benchmark with 20 basis points of value added. Longer term, over the 5-year period, performance remained strong at 10.7%, with value added of 1.5%.

On a relative basis, the PSPB Fund's overall performance ranked at the 30th percentile for the 4th quarter and at the 34th percentile rank for the 1-year period. Longer term, being the 5-year period, the PSPB Fund's relative ranking remained at the 3rd percentile.

During the 4th quarter, 2016, the overall return of the PSPB Fund was a positive 1.8%, ahead of its policy benchmark by 50 basis points. Over the 1-year period, the PSPB Fund's return was 5.3%, maintaining a substantial active management premium of 6.0% over the policy benchmark which was a negative 0.7%.

Longer term, annualized returns and value added remained strongly positive, with a 5-year return of 9.3%, and a 3.5% in value added performance;

On a relative basis, the PSPB Fund's overall performance ranked at the 42nd percentile for the 4th quarter and at the 5th percentile rank over the 1-year period. Longer term, being the 5-year period, the PSPB Fund's relative ranking is at the 1st percentile.

[1] Cayman Islands Public Service Pensions Board, 'Performance Review for Periods Ending December 31, 2017', Advisory Capital Group Canada Inc., 14 February 2018.

4. Investments (continued)

a) Investment and Market conditions (continued)

Global Equities

Over both the 4th quarter and 2017, the 8-year-old bull market continued its late-cycle advance on the strength of world GDP and a rising, but still low, interest rate environment. These factors, along with the promise of lower taxes in the U.S., helped fuel global financial markets, generating strong returns. Additionally, a continued rise in material and energy prices around the globe bolstered returns, led by a sharp recovery in emerging markets.

Global stocks were buoyed by synchronized global economic growth and modest inflation that propelled robust corporate earnings growth, and stronger returns, which exceeded expectations.

Both the MSCI World Index and the MSCI All Country World Index posted moderately positive returns over the quarter of over 5%.

Given the positive fundamentals and the corresponding massive flows into index funds based on the passage of the tax bill in the U.S. generating higher profits and the global growth story, the big question remains as to whether U.S. corporations will use increased profitability to increase capital spending and hiring or whether companies will continue to plow the excess funds into share buybacks.

Global Investment Grade Credit

U.S. Treasury yields rose over the 4th quarter, and the yield curve flattened, amid growing momentum behind a tax reform bill expected to stimulate growth and inflation. In examining what has driven growth in the U.S., what is notable is that the consumer is roughly 70% of the economy and is well positioned to continue to spend and boost total economic activity over the next year. Over the last 12 months, the U.S. private sector has added 2.5 million jobs, incomes and wealth have risen, and consequently, access to credit has improved. Moving forward, over the next 12 months, a recession in the U.S. remains unlikely as there are few imbalances in the economy, and accommodative central bank policy should help extend the duration of this economic and credit cycle.

These positive fundamental factors, combined with a solid U.S. banking sector, relatively low borrowing rates and a reasonably confident consumer outlook, help explain consumers' willingness and ability to spend on the goods and services produced by companies, which will likely keep credit default risk low. Given rising yields, credit continues to be especially attractive as an alternative to high concentrations in government bonds.

Corporate bonds capped a good year with positive total returns, outperforming government bonds. Investment grade credit saw stronger returns as the broader market index delivered returns of 1.1% over the 4th quarter and 5.4% over the 1-year period.

Global credit bonds under active management posted positive returns of 1.0% over the 4th quarter and 7.1% for the 1-year period. The annual performance was ahead of the benchmark by 1.7%.

4. Investments (continued)

b. Investment returns

Total Returns to 31 December 2017
Annualized for periods exceeding 1 year

Last 3 Months	1 Year	2 Years	3 Years	4 Years	5 years	10 years	From Inception
4.1%	18.5%	12.2%	10.0%	9.5%	10.7%	8.9%	6.9%

c. Investment portfolios

The investment portfolios are summarized below:

	31 December 2017		30 June 2016	
Description	**$ 000**	**%**	**$ 000**	**%**
Global Equities	547,495	80.98	431,182	80.69
Fixed Income	128,580	19.02	103,189	19.31
Total	**676,075**	**100.00**	**534,371**	**100.00**

5. Fixed assets

Fixed assets consist of the following components:

	Furniture & Fixtures $000	Office Equipment $000	Computer Equipment $000	Computer Software $000	Vehicles $000	Total $000
Cost						
As at 01 July 2016	**12**	**21**	**233**	**41**	**16**	**323**
Additions	8		6	1	-	15
Adjustments	-	-	-	-	-	-
Disposal in the period	-	-	-	-	-	-
As at 31 December 2017	**20**	**21**	**239**	**42**	**16**	**338**
Accumulated Depreciation						
As at 01 July 2016	**3**	**15**	**191**	**35**	**4**	**248**
Depreciation	2	4	29	3	5	43
Disposals in the period	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-
As at 31 December 2017	**5**	**19**	**220**	**38**	**9**	**291**
Carrying value at 31 December 2017	**15**	**2**	**19**	**4**	**7**	**47**
Carrying value at 30 June 2016	**9**	**6**	**42**	**6**	**12**	**75**

6. Intangibles

Intangibles consist of Plan Administration System as follows:

	$000
Cost	
As at 01 July 2016	571
Additions	-
As at 31 December 2017	571
Accumulated Amortization	
As at 01 July 2016	428
Amortization	143
As at 31 December 2017	571
Carrying value at 31 December 2017	-
Carrying value at 30 June 2016	**143**

7. Overpaid Ex-Gratia Grants

During the year a detailed review of Ex-Gratia Grants and payments were carried out. The purpose of the review was to ensure that all pre-funded Ex-Gratia Grants received and all Ex-Gratia payments made had been properly accounted for. At the conclusion of the review there was no evidence to support the previously reported overpaid balance of $243K. As a result, the decision was taken to write back the balance as at 31 December 2017.

8. Ex-gratia Pensions

The Board administers the Ex-gratia Pensions Plan ("Ex-Gratia") on behalf of the Cayman Islands Government as set out in the *Public Service Pensions (Ex-Gratia Pensions) (Amendment) Regulations, 2011.*

Eligibility for Ex-gratia Pension as set out by said law:

"(1) Any Caymanian (as defined in the *Immigration Law (2011 Revision)* who-

- (a) is sixty years of age or older;
- (aa) resides in the Islands;
- (b) is not sixty years of age but who has been certified by the Chief Medical Officer of the Government as being permanently disabled;
- (c) 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
- (d) 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."

8. Ex-gratia Pensions (continued)

An estimate of the payments to be administered during the year are appropriated to and received by PSPB, and reported as Annual Grants. Payments administered during each year are reported as annual payments. Excess or deficient funds result at year-end and reported either as receivables or payables respectively.

Ex-gratia pension activity:

Description	31 December 2017 $000	30 June 2016 $000
Annual Grant	2,070	1,200
Annual Payments	(1,960)	(1,274)
Underpayment / (Overpayment)	110	(74)

9. Parliamentary Pensions Plan (PPP):

The Members of the Legislative Assembly participate in the Parliamentary Pensions Plan (PPP) as governed by the Parliamentary Pensions Law, (2010 Revision) (the "Parliamentary Pensions Law"). 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 Board administers the PPP and the related fund balances.

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

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 Net Assets Available for Benefits are presented for the PPP on page 9, showing beginning and ending balances, as well as contribution, benefits paid and investment returns recognised for the PPP during the year.

9. Parliamentary Pensions Plan (PPP) (Continued)

Due in Respect of Parliamentary Pensions Plan (Continued)

Net assets available for benefits for PPP at end of year amounted to $6,350 million (2016: $7,048 million). The Board does not charge any additional fees for acting as administrators of the Parliamentary Pensions Plan. The assets duly belong to the Members of the Legislative Assembly are under the administration of the Board.

10. Judicial Pensions Plan (JPP)

The Judges of the Grand Court (the "Judges") participate in the Judicial Pension Plan (JPP) as governed by the Judges' Emoluments and Allowance Law, 1997 (Law 21 of 1997) and the Judges' Emoluments and Allowances Order, 2005 (the "Judicial Pensions Law"). The Judges contribute at a rate of 10% of pensionable earnings and in accordance with the 2014 funding valuation the Government contributes 0% for Judges in the Defined Benefit part of the Plan and 20% for those in the Defined Contribution part of the JPP. Actuarial valuations as at 1st January 2014 concluded that existing contribution rates to the plan are sufficient.

Normal retirement age under the Judicial Pensions Law is 65. The maximum amount of pension payable to the Judges 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 8, showing beginning and ending balances, as well as contribution, benefits paid and investment returns recognised for the PPP during the year.

Net assets available for benefits for JPP at end of year amounted to $5,712 million (2016: $5,209 million). The Board 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 are under the administration of the Board.

11. Benefits paid to participants

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

12. Administrative expenses

Description	31 December 2017	30 June 2016
	$000	$000
Salaries and benefits	3,363	2,493
Office accommodation	426	386
IT related costs	242	-
General administrative	248	120
Other professional fees	100	205
Audit fees	87	67
Actuarial fees	480	302
Trustee-related expenses	17	11
Total	**4,963**	**3,584**

13. Benefits due

Benefits due represents the liability to pay participants who have attained their Normal Retirement Age prior to 31 December 2017 but whose pension payments have not commenced as at the fiscal year end.

14. Funding Actuarial Valuation Reports – 1 January 2017

In accordance with the respective legislation, the tri-annual funding Actuarial Valuation as at 1 January 2017 was carried out by the Board's Actuaries, Mercer, for each of the three Government sponsored pension plans.

14. Funding Actuarial Valuation Reports – 1 January 2017 (continued)

The principal assumptions for the 2017 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 3.0%;
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 8% in 2017,7.625% in 2018 and and ultimate rate of 7.25% thereafter and 7% in 2017 6.625% in 2018 and 6.25% thereafter;
iv. expected long-term rate of return on the Fund's invested assets are shown under both 7.25% and 6.25% (phased-in from 8% and 7% respectively);
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

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	0.00%	0.00%	60.00%
61 to 64	0.00%	0.00%	8.00%
65	0.00%	0.00%	100.00%

Whereas, the 1 January 2017 valuation reports present results based on both a 7.25% and 6.25% discount rate (phased-in from 8% and 7% respectively); The discount rate recommended by the Board for the January 2017 valuation is 7.25% (phased-in over two years from 8%).

14. Funding Actuarial Valuation Reports – 1 January 2017 (continued)

a. Public Service Pensions Plan actuarial valuation – 1 January 2017

The funding actuarial valuation calculated a Fund deficiency as at 1 January 2017 as follows:

Public Service Pensions Plan (actuarial estimate)	**Amount**
	$ 000
Value of pension fund allocated assets	550,564
Past service liability	(737,268)
Fund deficiency	**(186,704)**

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	16.7%

The Plan is in a deficit position as of January 1, 2017. Based on an ultimate discount rate of 7.25%, the Plan has a deficit of $187 million at January 1, 2017 and the funded ratio of the DB Part of the Plan is 60% and when combined with the DC part of the Plan is 75%.

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 7.25%.

b. Parliamentary Pensions Plan actuarial valuation – 1 January 2017

The funding Actuarial valuation calculated a Fund deficiency as at 1 January 2017 as follows

Parliamentary Pensions Plan (actuarial estimate)	**Amount**
	$ 000
Value of pension fund allocated assets	10,865
Past service liability	(21,920)
Fund deficiency	**(11,055)**

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	57.2%

14. Funding Actuarial Valuation Reports – 1 January 2017 (continued)

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 these objective, contributions should be made on the basis of the valuation results prepared based on an ultimate discount rate of 7.25%.

The Plan is in a deficit position as of January 1, 2017. Based on an ultimate discount rate of 7.25%, the Plan has a deficit of $11 million at January 1, 2017 and the funded ratio of the DB Part of the Plan is 47% and when combined with the DC part of the Plan is 50%.

c. Judicial Pensions Plan actuarial valuation – 1 January 2017

The Actuarial valuation calculated a Fund surplus as at 1 January 2017 as follows:

Judicial Pensions Plan (actuarial estimate)	**Amount**
	$ 000
Value of pension fund allocated assets	6,567
Past service liability	(5,923)
Fund surplus	**644**

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 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 7.25%.

The DB Part of the Plan has a surplus as at January 1, 2017, 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 114% and when combined with the DC part of the Plan is 111%.

15. Pension contributions (Re: Funding Actuarial valuations – effective 1 January 2014)

The recommended rates of contribution contained in the 2014 funding actuarial valuations became effective by Regulations on 1 July 2016. See note (1c). Recommended rates of contribution contained in the 2017 funding actuarial valuations will become became effective once the reports have been accepted by Cabinet, tabled in the Legislative Assembly, and Gazetted.

16. Investment management and consultancy fees

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

a. Independent Franchise Partners ("IFP", Investment Manager)
b. MFG Global Fund ("Magellan" Investment Manager)
c. Aberdeen Global Emerging Markets Fund ("Aberdeen" Investment Manager)
d. Morgan Stanley Global Infrastructure Fund ("Morgan Stanley" Investment Manager)
e. PIMCO Global Investment Grade Credit ("PIMCO", Investment Manager)
f. Wellington Global Credit Plus ("Wellington" Investment Manager)
g. CIBC Mellon Global Securities Company ("CIBC Mellon" Global Custodian)
h. Advisory Capital (Investment Advisor)

The Board incurred Investment management and consultancy expenses as follows:

	31 December 2017 $000	30 June 2016 $000
Investment managers		
IFP	3,971	2,211
Magellan	1,286	818
PIMCO	721	316
Wellington	219	99
Aberdeen	39	35
Morgan Stanley	76	33
Custodian		
CIBC Mellon	141	82
Investment advisor		
Advisory Capital	756	393
Legal fees		
Pillsbury, Winthrop, Shaw, Pittman LLP	316	357
Total	**7,525**	**4,344**

17. Financial and actuarial risk management

(i) Financial instruments risks

All investments are subject to one or more types of "inherent" risk(s) which is expected and necessary to assume in order to achieve needed returns. From a pensions plan perspective, inherent risk factors typically comprise of:

a. Capital risk
b. Credit risk
c. Inflation risk
d. Interest rate risk
e. Balance sheet/Liquidity risk
f. Market/equity risk

Capital risk
The fund is currently comprised of one segregated fund with the remaining investments in pooled funds in both the equities and fixed income sectors. It is a risk-averse strategy through which inherent risks are mitigated primarily by adherence to asset allocation and diversification policies prescribed by law.

Each class of assets is managed by separate internationally- recognized money managers, who are recommended by the Investment Committee, with the guidance of independent investment advisors (Advisory Capital), and approved by the Board of Directors, thereby further diversifying the portfolio among unrelated managers and investments. Performance of each investment manager is monitored and measured against international benchmarks by Advisory Capital. Senior management and the Board, advised by Advisory Capital, also perform annual due diligence visits to each of the investment managers.

Some inherent risks are further mitigated by specific circumstances.

Credit risk
Financial assets that potentially subject the Fund to credit risk consist principally of current, call and fixed deposits, long and short-term investments, accounts and interest receivable and other receivables and prepayments. The Board's current, call and fixed deposits are placed with high-credit quality institutions. Credit risk with respect to long and short-term investments, accounts and interest receivable, and other receivables and prepayments is limited because the Board only transacts business with counterparts it believes to be reputable and capable of performing their contractual obligations.

17. Financial and actuarial risk management (continued)

Inflation risk

Inflation risks are inherent in the monthly benefits payments, which are adjusted for cost-of-living increases when applicable, and the resulting impact on the funding valuations of the three plans. Inflation risks are mitigated by regular review and adjustment of Plan funding, in accordance with the mandated Actuarial valuations due every three years.

Interest rate risk

The Board's interest-bearing investments and deposits are at fixed interest rates.

Volatility in market interest rates not only affect the return on investments, but also the discount rate used to measure funding valuations and pension liabilities.

Interest rate risks, in terms of investment returns, are mitigated primarily by investing in fixed income instruments that are relatively easy to divest and the avoidance of derivatives.

Liquidity risks

For pension funds, liquidity risk presents at the time of retirement. Once the retirement phase has begun, the liquidity risk is equivalent to the pension payments due to the retirees. For the Board, liquidity risk is primarily manifested in the ability for monthly contributions to exceed benefits paids and administrative expenses. A current surplus is maintained through the receipt of payments from Cayman Islands Government against past service liabilities for the Defined Benefit Contributions component of the Plan. The greatest risk that the Board faces, other than market related risks in terms of its investments, is the possibility that there could be some form of pension contribution holiday. Should this happen it would seriously impede the Boards operations, as it would then become necessary to liquidate the investments in order to meet its statutory financial obligations.

At the investment level, liquidity risk is mitigated somewhat by the liquid nature of the investments and the ability to divest on relatively short notice.

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.

Market risks are inherent in the reported amounts of financial instruments. These market risks are mitigated by the risk-averse strategy pursued by the Board and supported by the investment manager selection, monitoring and due diligence processes.

17. Financial and actuarial risk management (continued)

(ii) Main actuarial risks to the funding of the plans

There are several actuarial risks that can adversely impact the funding of the plan. In general, actuarial risks are mitigated by mandated tri-annual actuarial valuation reviews performed by a universally reputable actuarial firm and the implementation of contribution rates adjustment contained therein. In addition, the Board has instructed the actuary to provide an annual interim update for each fiscal year in between the issuance of the tri-annual report. The key actuarial risks are as follows:

a. Contribution deficiency risks
b. Longevity risks
c. Investment return assumption and other financial risks
d. Demographic assumption risks
e. Plan structure risks

Contribution deficiency risks
This arises when contributions are not being paid in accordance with reliable actuarial valuation requirements. In addition, delays in tabling the actuarial valuation reports and delays in enabling regulations to prescribe the recommended rates exacerbate this. Adequate contribution funding is significantly affected by governmental processes, including appropriations and is at the discretion of the government.

Longevity risk
Longevity risk applies primarily to the Defined Benefit (DB) part of the Plans, which is inclusive of elements of the Defined Contributions portion of the plan converting to Defined benefits at retirement.

Investment return assumption and other financial risks
The most important one here is when the assumed rate of return on investments is not being met. Financial instruments risk management in Note 17 (i) details some of the associated risks. Other financial risks include inflation, which impacts the rate at which pension payments are increased, and pay increases above those assumed in the valuation.

Demographic assumption risks
These include retirements occurring before the expected retirement ages, and longevity risks.

Currently there is considerable subsidy provided to Defined contribution participants in the form of generous actuarial factors being used in the conversion of account balances to pensions at retirement. This subsidy reduces the value of the assets that can be allocated to the Defined benefit part.

In addition, there are other inherent features of the plans, such as the pensions benefits being based on final month's pay that can lead to adverse plan experiences.

17. Financial and actuarial risk management (continued)

(ii) Main actuarial risks to the funding of the plans (continued)

Plan structure risks

Currently there is considerable subsidy provided to Defined contribution participants in the form of generous actuarial factors being used in the conversion of account balances to pensions at retirement. This subsidy reduces the value of the assets that can be allocated to the Defined benefit part.

In addition, there are other inherent features of the plans, such as the pensions benefits being based on final month's pay that can lead to adverse plan experiences.

18. Leases and commitments

On 31 March 2011, PSPB moved into the new Government Administration Building. The Board is leasing 3,798 square feet under a year-to-year term. Occupational charges are as follows:

Occupational charges	Space	Running cost	Total
Unit cost	$ 12 / sq ft	$ 52.35 / sq ft	$ 64.35 / sq ft
Monthly cost	$3,798	$16,569	$20,367
Annual	$45,576	$198,825	$244,401

On 1 July 2015, the Board entered into a two year lease agreement with Artemis Property Services for a warehouse storage facility at an annual cost of CI$8,100.00 per annum ($675 monthly). Unit No. 8 is located within the property known as Highgrove Business Park, Building A, consisting of 225 sq.ft. situated at Sparky Drive, George Town.

19. Related party transactions

Key management personnel

There are ten (FY2015-16: six) full-time equivalent personnel considered as "Key management personnel". The total remuneration includes: regular salary, pension contributions, health insurance contributions, acting allowances, duty allowances and motor car upkeep/allowance. Total remuneration for Key management personnel in FY 2016-17 was $1,431 thousand (FY2015-16: $892 thousand).

Intra-government agencies

The Board engaged the services of the Computer Services Department, HR IRIS and the Office of the Auditor General during the year. The transactions amounted to $34 thousand, $4 Thousand and $87 Thousands, respectively (2015-16: $62 Thousand and $67 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 Public service pensions plan are the following:

a. Auditor General's Office
b. Cabinet Office
c. Judicial Department
d. Ministry of Home Affairs, Health & Culture – Home Affairs
e. Ministry of Home Affairs, Health & Culture – Health & Culture
f. Ministry of District Administration, Tourism & Transport
g. Ministry of Finance & Economic Development;
h. Ministry of Education, Employment & Gender Affairs
i. Ministry of Planning, Lands, Agriculture, Housing & Infrastructure
j. Ministry of Financial Services, Commerce & Environment
k. Ministry of Community Affairs, Youth & Sports
l. Director of Public Prosecutions
m. Portfolio of Civil Service
n. Portfolio of Legal Affairs
o. Office of the Ombudsman

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 farm
f. CAYS Foundation
g. CINICO
h. Civil Aviation Authority
i. Utility Regulation and Competition Office
j. Maritime Authority CI
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

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

21. PSPB's IAS19R Pension Liabilities

The Board's Actuary, Mercer, has calculated Public Service Pensions Board ("PSPB") actuarial estimates of liabilities as at 31 December 2017, 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) ("IAS19 R"). 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 19R for fiscal year ending 31 December 2017 reflects the following:

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

	31 December 2017 $000	30 June 2016 $000
Defined benefit obligation	(1,709)	(2,076)
Fair value of plan assets	1,920	1,560
Funded status	211	(516)
Effect of asset ceiling/onerous liability	-	-
Net Liability	**211**	**(516)**

The change in defined benefit obligation is as follows:

	31 December 2017 $000	30 June 2016 $000
Defined benefit obligation at end of prior year	2,076	2,097
Current service cost	132	109
Interest expense	106	100
Cashflows - participant contribution	16	16
Benefit payments from plan	-	(69)
Effect of changes in demographic assumptions	(180)	-
Effect of changes in financial assumptions	(153)	327
Effect of experience adjustments	(288)	(504)
Effect of changes in foreign exchange rates	-	-
Defined benefit obligation at end of period	**1,709**	**2,076**

21. PSPB's IAS19R Pension Liabilities (continued)

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

	31 December 2017 $000	30 June 2016 $000
Fair value of plan assets at end of prior year	1,560	1,519
Interest income	81	73
Cash flows		
Employer and participant contributions	32	35
Benefit payments from plan		(69)
Administrative expenses paid from plan assets	-	-
Remeasurements – return on plan assets (excluding interest income)	247	2
Fair value of plan assets at end of year	**1,920**	**1,560**

The net defined benefit liability reconciliation is as follows:

	31 December 2017 $000	30 June 2016 $000
Net defined benefit liability as of beginning of year	516	578
Defined benefit cost included in P&L	157	136
Total remeasurements included in OCI	(868)	(179)
Cash flows – employer contributions	(16)	(19)
Net defined benefit liability as of end of year	**(211)**	**516**

21. PSPB's IAS19R Pension Liabilities (continued)

The components of defined benefit cost is as follows:

	31 December 2017 $000	30 June 2016 $000
Current service Cost	132	109
Net interest cost		
Interest expense on DBO	106	100
Interest (income) on plan assets	(81)	(73)
Total net interest cost	25	27
Administrative expenses and taxes	-	-
Defined benefit cost included in statement of changes in net assets available for benefits	157	136
Remeasurements (recognized in other comprehensive income)		
Effect of changes in demographic assumptions	(180)	-
Effect of changes in financial assumptions	(153)	327
Effect of experience adjustments	(288)	(504)
(Return) on plan assets (excluding interest income)	(247)	(2)
Total remeasurements included in other comprehensive Income	(868)	(179)
Total defined benefit cost recognized in statement of changes in net assets available for benefits and other comprehensive Income	**(711)**	**(43)**

The sensitivity analysis on defined benefit obligation is shown below:

	31 December 2017	30 June 2016
1. Discount rate		
a. Discount rate - 25 basis points	1,808	2,203
b. Discount rate + 25 basis points	1,617	1,959
2. Inflation rate		
a. Inflation rate - 25 basis points	1,631	1,960
b. Inflation rate + 25 basis points	1,792	2,201
3. Mortality		
a. Mortality - 10% of current rates	1,749	2,119
b. Mortality +10% of current rates	1,672	2,037

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

	31 December 2017 $000	30 June 2016 $000
Expected employer contributions	27	29

21. PSPB's IAS19R Pension Liabilities (continued)

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine benefit obligations

	31 December 2017	30 June 2016
1. Discount rate	4.00%	4.00%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table	RP-2014 projected on a generational basis using Scale MP-2014	RP-2014 projected on a generational basis using Scale MP-2014
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost

	31 December 2017	30 June 2016
1. Discount rate	4.10%	4.75%
2. Rate of salary increase	3.50%	3.50%
3. Rate of price inflation	2.50%	2.50%
4. Rate of pension increases	2.50%	2.50%
5. Post-retirement mortality table	RP-2014 projected on a generational basis using Scale MP-2014	RP-2014 projected on a generational basis using Scale MP-2014

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 for the 18 month period, 1 July 2016 to 31 December 2017 was 13.44% 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 the asset value as 31 December 2017 provided to us by PSPB, along with cash flow and other supplemental asset information. The assets are held in trust by CIBC Mellon.

21. PSPB's IAS19R Pension Liabilities (continued)

Plan Assets (continued)

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at 31 December, 2017, the Fund was invested as follows:

	31 December 2017		30 June 2016	
Plan Assets by Asset Category	**($000)**	**Percentage**	**($000)**	**Percentage**
Equities	547,494	80%	431,182	77%
Debt securities	128,580	19%	103,189	19%
Cash	10,074	1%	21,697	4%
Total	686,148	100%	556,068	100%

The Defined Contribution portion of the Fund totalled $303,487,800 as at 31 December 2017 and $261,754,300 as at 30 June, 2016, 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 $1,920,000 as at December 31, 2017 and $1,560,000 as at 30 June, 2016.

The Actuarial Assumptions

We have used actuarial assumptions approved by the Financial Secretary, the main sponsor of the Plan on 10 August, 2016. The principal financial and demographic assumptions used at 30 June, 2016 and 30 June, 2015 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 pension expense for the following year.

Measurement Date	31 December 2017	30 June 2016
Discount rate		
- BOY disclosure and current year expense	4.00% per year	4.75% per year
- EOY disclosure and following year expense	3.80% per year	4.00% per year
- Following year current service cost	3.85% per year	4.10% per year
- Rate used to determine interest on definedbenefit obligation and plan assets for following year expense	3.50% per year	3.40% per year
- Rate used to determine interest on current service cost for following year expense	3.70% per year	3.80% per year
- Increases in pensionable earnings	2.50% per year	3.50% per year
- Rate of Pension Increases	2.00% per year	2.50% per year

21. PSPB Pension Liabilities (continued)

The Actuarial Assumptions (continued)

Mortality		
- BOY disclosure and current year expense	RP-2014 generationally projected using Scale MP-2014	RP-2014 generationally projected using Scale MP-2014
- EOY disclosure and following year expense	RP-2014 scaled back to 2006 using Scale MP-2014, then generationally projected using Scale MP-2016	RP-2014 generationally projected using Scale MP-2014
Disability	None	None
Turnover Rates	Age related table	Age related table
Retirement	Age-related retirement rates used. See table below.	Age 57 and 10 years of service
Assumed life expectations on retirement	Retiring today (member age 57) 29.13 Retiring in 25 years (at age 57): 31.42	Retiring today (member age 57) 30.21 Retiring in 25 years (at age 57): 32.40
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

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	60%
61-64	8%
65	100%

21. PSPB's IAS19R Pension Liabilities (continued)

The Actuarial Assumptions (continued)

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 Board's Actuary, Mercer, has calculated actuarial estimates of liabilities as at 31 December 2017 and actuarial estimates of the defined benefit cost for the fiscal years ending 31 December 2017 and 30 June 2016, for the Post Retirement Healthcare Program ("the Health Plan"). For purpose of PSPB reporting, IAS 19R for fiscal year ending 31 December 2017 reflects the following:

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

	31 December 2017	**30 June 2016**
	$'000	**$'000**
Defined benefit obligation	1,300	1,317
Funded status	-	-
Net defined benefit liability (asset)	**1,300**	**1,317**

The change in defined benefit obligation are as follows:

	31 December 2017	**30 June 2016**
	$'000	**$'000**
Defined benefit obligation at beginning of year	1,317	1,048
Current service cost	-	-
Interest expense	72	50
Benefit payments from Employer	-	(6)
Effect of changes in demographic assumptions	(122)	(88)
Effect of changes in financial assumptions	50	174
Effect of experience adjustments	(17)	139
Defined benefit obligation at end of year	**1,300**	**1,317**

22. PSPB Post Retirement Healthcare Obligation (continued)

The net defined benefit liability reconciliation are as follows:

	31 December 2017 $'000	30 June 2016 $'000
Net defined benefit liability (asset) at beginning of year	1,317	1,048
Defined benefit cost included in P & L	72	50
Total remeasurement included in OCI	(89)	225
Employer direct benefit payments	-	(6)
Net defined benefit liability (asset) as of end of year	1,300	1,317

The components of defined benefit cost are as follows:

	31 December 2017 $'000	30 June 2016 $'000
Current service cost	-	-
Interest expense on DBO	72	50
Defined benefit cost included in P & L	72	50
Remeasurements (recognized in other comprehensive income)		
Effect of changes in demographic assumptions	(122)	(88)
Effect of changes in financial assumptions	50	174
Effect of experience adjustments	(17)	139
Total Remeasurement included in OCI	(89)	225
Total defined benefit cost recognized in P & L and OCI	(17)	275

The sensitivity analysis on defined benefit obligation is shown below:

	31 December 2017 $'000	30 June 2016 $'000
1. Discount rate		
a. Discount rate – 25 basis points	66	71
b. Discount rate + 25 basis points	(62)	(66)
2. Health care cost trend rates		
a. Health care cost trend rates – 100 basis points	(231)	(234)
b. Health care cost trend rates + 100 basis points	296	301
3. Mortality		
a. Post-retirement mortality assumption + 10%	(56)	(50)

22. PSPB Post Retirement Healthcare Obligation (continued)

The estimated defined benefit cost for the following year (FY 2018) is as follows:

	Amount ($000)
Interest expense on DBO	47

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine benefit obligations

	31 December 2017	**30 June 2016**
Discount rate	3.85%	4.05%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Post-retirement mortality assumption	RP-2016	RP-2014

Weighted-average assumptions to determine defined benefit cost

	31 December 2017	**30 June 2016**
Discount rate	4.05%	4.75%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Post-retirement mortality assumption	RP-2014	RP-2014

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 CIG's post-retirement healthcare program. The principal financial and demographic assumptions used at 31 December 2017 and 30 June 2016 are shown in the table below.

22. PSPB Post-Retirement Healthcare Obligation (continued)

Actuarial Assumptions (continued)

Economic Assumptions	**Post-Retirement Healthcare**	**Basis of Development – Accounting Specific Assumptions**
Discount rate (p.a.) • 30 June 2016 • 31 December 2017	 4.05% 3.85%	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 projected premiums	-
Rate of Medical Inflation (p.a.)	5.0%	Based on an analysis of historical claims information and long-term medical inflation expectations.
Current mortality rates • 30 June 2016 • 31 December 2017	 RP-2014 RP-2014 Mortality Table scaled back to 2006 using MP-2016	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.

22. PSPB Post-Retirement Healthcare Obligation (continued)

Economic Assumptions	**Post-Retirement Healthcare**	**Basis of Development – Accounting Specific Assumptions**
Mortality improvements • 30 June 2016 • 31 December 2017	Scale MP-2014 Scale MP-2016	Broad consensus amongst longevity experts that mortality improvement will continue in the future. In the U.S., the future mortality improvement scale has been updated to Scale MP-2016.
Disability rates	None	-
Retirement Age	Age 57 & 10 years of service	-
Marital assumption	80% married, wife 3 years younger	-
Current healthcare claims cost assumption	Based on 2015/16 premium rates: Health - $9,500 per participant Dental - $1,100 per participant	-
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 and by reference to Society of Actuaries studies.

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.
- Estimated benefit obligation in respect of a given individual in the Health Plan 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 Current Service Cost is the total present value of the individuals' benefits attributable to service during the year.

Participant Data

	30 June 2016	01 January 2014
Active Members		
Number	1	3
Average years of service	22 years	22 years
Average years of service after age 40	12 years	9 years
Average age	51.9	49.4
Pensioners		
Number	1	N/A
Average Age	57.4	N/A

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 2017 $000	30 June 2016 $000
Public Service Pension Plan	672,770	540,033
Judiciary Pension Plan (page 24)	5,712	5,209
Parliamentary Pension Plan (page 25)	6,350	7,048
Total	**684,832**	**552,290**

24. Subsequent Event

Changes to the Judges Emoluments and Allowances Order, 2005

In March 2018 the Judges Emoluments and Allowances Order, 2005 was amended to allow the Magistracy to move unto judicial terms and conditions of service and to allow the remaining active DB participant to retire from the Plan retrospective 15 September 2015. The 1 January 2017 Funding Actuarial Valuation is reflective of this Amendment to the Order.