

BARBADOS PUBLIC WORKERS' CO-OPERATIVE CREDIT UNION LIMITED

Notes to the Non-consolidated Financial Statements

For the year ended March 31, 2015

(Expressed in Barbados dollars)

13. Pension Plan Asset

The Credit Union participates in a defined benefit pension plan operated by a reputable insurance provider. The pension plan is jointly funded by payments from the Credit Union and certain employees, taking into account the recommendations of independent qualified actuaries.

The Actuary periodically (at least every three years) evaluates the financial position of the Plan and recommends the future contribution rate for the Credit Union.

The last full actuarial valuation of the pension plan for eligible employees was carried out on March 31, 2015.

In a Defined Benefit Pension Plan, the employees' entitlement is determined by a formula based on their years of pensionable service and pensionable salary. It is typical for the employees' benefit to be integrated with the retirement benefits provided by the National Insurance.

The contribution rate paid by the employee is fixed and the Credit Union pays the balance of the ultimate cost of the benefits and hence the Credit Union's contribution is unknown. The Credit Union expects to pay \$561,376 in contributions to its defined benefit plan in 2015.

Currently at retirement employees are entitled to receive a pension benefit equal to:

1. 1.75% of their pensionable salary as at April 1, 2014 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Plus

2. 1.75% of their total pensionable salary from April 1, 2003 reduced by 1.32% of the National Insurance Insurable Earnings as at April 1, 2003 for each year of Ranking Service prior to April 1, 2003.

Employees' pension benefits are further increased by the amount of pension that can be purchased with any voluntary contributions accumulated with credited interest to their retirement date.

There are three Trustees of the Plan, one is an employee representative while the other two are external to the Credit Union. The Trustees are required to understand the risks taken, make reasonable investment decisions, provide members with information and act in the best interests of the plan participants.