



GOVERNMENT OF BERMUDA

**The Ministry of Finance**

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**Ministry of Finance Headquarters**

Ministerial Statement  
To the House of Assembly  
By  
The Hon. E. David Burt, JP, MP  
Premier and Minister of Finance

**Public Service Superannuation (PSSF Stabilisation) Amendment Act 2025**

**Date: 12th September, 2025**

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Madam Acting Speaker,

In the Government's 2024/25 Budget Statement, and again in my statement to this Honourable House in May of this year, I committed that the Government would bring forward reforms to ensure the sustainability of the Public Service Superannuation Fund (Fund). Later today, I will table the Public Service Superannuation (PSSF Stability) Amendment Act 2025, in this Honourable House.

This has been a long journey. In 2019, the review process began in earnest, and since then there have been years of consultation, study, and discussion. The Fiscal Responsibility Panel has urged action. The Opposition has urged action. And the public, including public officers themselves, have asked when Government will act.

Madam Acting Speaker, that time is now.

This Government has demonstrated that when we make commitments, we deliver. Since returning to office, the Progressive Labour Party has taken on the tough issues of Bermuda's public finances. We reversed years of unsustainable deficits, made our tax system more fair, and successfully balanced Bermuda's budget delivering the first budget surplus in 23 years. We have restored fiscal credibility, reduced gross debt, and ensured that Bermuda's finances are on a stable footing. Public sector pension reform is the next step in that journey: securing the future not just for public servants, but of Bermuda's fiscal house as a whole.

## The Challenge

Madam Acting Speaker, the Public Service Superannuation Fund, which pays the pensions of our teachers, police officers, nurses, prison officers, firefighters, and the many other public officers who serve this country, is not on a sustainable footing.

The most recent actuarial valuation, as of March 2023, shows an actuarial deficit of just over \$1 billion. The Fund is only 37 percent funded. Without reform, the Fund is projected to deplete its assets by 2045. That is within the working lifetime of many Bermudians now in the public service.

The numbers matter, but let me explain what they mean in plain terms. A funding ratio of 37 percent means that for every dollar owed in pensions, the Fund has only 37 cents in assets. A deficit of \$1 billion means that unless changes are made, taxpayers will be required to cover the shortfall, leading to increased taxes for residents and businesses. And depletion in 2045 means that a Bermudian in the public service today could reach retirement only to find the Fund exhausted.

Madam Acting Speaker, that is a risk that no responsible government can accept. The math is clear. The contributions going into the Fund are not enough to cover the benefits being paid out. As people live longer, the number of retirees grows, and the pressure on the Fund increases. Unless changes are made, taxpayers will face an ever-increasing liability that could jeopardise both pensions and Bermuda's wider economy putting credit ratings under pressure and leading to increase interest rates for all.

The current path is unsustainable, and to do nothing would be irresponsible.

## Global Context

Madam Acting Speaker, Bermuda is not alone in facing this challenge. Across the world, governments have been compelled to act.

The United Kingdom has legislated gradual increases in retirement age, moving toward 68. Canada has raised contribution rates for its public sector pensions. In the United States, many states have reformed their systems, raising both contributions and retirement ages to preserve solvency.

Elsewhere, the Netherlands has linked its retirement age to life expectancy, automatically adjusting as people live longer. Ireland has extended retirement ages and restructured public sector benefits. Australia has raised both contribution rates and retirement ages in recognition of demographic change.

The OECD has reported that nearly every major public pension system has undergone reform in the past decade. The global trend is clear: as life expectancy increases and pension promises become more expensive, governments have had to make adjustments.

Madam Acting Speaker, Bermuda is part of that global reality, and this PLP government is taking the necessary and responsible steps now to ensure long-term sustainability of public sector pensions.

## **The Reforms**

Madam Acting Speaker, the reforms the Government is introducing today are the product of careful analysis, actuarial advice, legal advice, and extensive consultation. They are phased, they are fair, and they are designed to make public sector pensions secure for the future.

### **First: Earliest Unreduced Pension Age.**

Madam Acting Speaker, this is the most important change. At present, non-special group members can receive an unreduced pension at age 60, and special group members at 50. Under these reforms, those thresholds will rise gradually to 65 and 55 respectively, phased between 2027 and 2035.

This is effectively the retirement age for most public officers, because it is the point at which they can retire without penalty. The change from 60 to 65 for most public officers is significant. However, even at 65, Bermuda's effective retirement age remains well below the benchmarks in most developed countries, where retirement ages are 67 or higher. This change is about aligning with demographic realities while still providing our public officers with one of the more generous public pension systems globally.

### **Second: Contributions.**

Madam Acting Speaker, at present, non-special group members, the majority of public officers, contribute 8 percent of their salary. This will increase gradually to 10 percent over three years. For our uniformed services, contributions will increase from 9.5 percent to 11.5 percent over the same period.

Importantly, these increases will be offset by negotiated salary uplifts, meaning that public officers will not see their take-home pay reduced. This approach balances the need to strengthen the Fund with fairness to workers.

### **Third: Pension Formula.**

Madam Acting Speaker, today, pensions are calculated based on the final year's salary. This is generous, but it is also unsustainable and creates inequities. Under the reforms, pensions will be calculated based on the average of the final ten years of salary phased in over a 10-year period. This change prevents anomalies, ensures fairness, and aligns Bermuda with global best practice.

### **Fourth: Mandatory Retirement Age.**

Madam Acting Speaker, the maximum age at which a public officer must retire is 65 for teachers, 68 for other non-special group members and 55 for uniformed services. These will gradually increase to 70 and 60 respectively by 2035.

It is important for Honourable Members and public officers to note, this is not the earliest age at which someone can retire, but the latest age at which they must retire. These changes reflect longer life expectancy and modern working realities.

### **Fifth: Lump Sum Conversion Factor**

Madam Acting Speaker, currently a retiring member can commute part of their pension into a lump sum, calculated by a fixed factor of 11.5 which is static in legislation. This provision has proven costly to the Fund. Going forward, this conversion factor will be actuarially assessed at each valuation, ensuring that lump sums are properly funded and do not weaken the Fund's long-term sustainability.

### **Sixth: Governance**

Finally, Madam Acting Speaker, governance of the Fund will be strengthened. The Public Service Superannuation Board will have a more formal role in reviewing actuarial valuations and advising on future reforms. Decisions about pensions will be based on evidence and actuarial advice. It is only right that the representatives of those who depend on public sector pensions play a more active role in determining the future sustainability of the Fund.

Madam Acting Speaker, taken together, these reforms will transform the trajectory of the Fund. Actuarial modelling indicates that instead of depleting by 2045, the Fund can achieve fully funded status by 2060. In practical terms, that means that pensions will be secure not only for today's retirees but for generations to come.

### **Consultation and Balance**

Madam Acting Speaker, these reforms did not come easily. They are the product of years of consultation. The Government has engaged with unions, staff associations, and stakeholders across the public service. Multiple meetings were held. Proposals were revised. Adjustments were made to ensure that what is brought to this House is both fair and workable.

We recognise, and I want to emphasise this point, that any change to pensions is deeply personal. People plan their lives around their retirement expectations. For many, the pension they earn through years of public service is their most important financial asset.

That is why these reforms have been carefully phased in. That is why we have sought to protect take-home pay. That is why we have chosen reforms that, while necessary, are fair and sustainable.

We listened to stakeholders. Unions stressed the importance of gradual implementation, and we agreed. Workers expressed concern about protecting the value of their pensions, and we responded by ensuring that reforms secure the Fund for the future. Stakeholders asked for fairness, and we delivered reforms that share responsibility across contributors, current and future beneficiaries, and the Government.

Madam Acting Speaker, I acknowledge that some may feel that benefits are being diminished. To them I say: these reforms are about protection, not reduction. With this bill, the pace of accrual of benefits, and the level benefits that you will be paid are not changing. These reforms will ensure that your pension, and the pensions of those who come after you, will be able to be paid when you retire.

## Current Retirees

Madam Acting Speaker, I also want to speak directly to our current retirees. One of the most difficult consequences of the Fund's financial challenges has been the freeze on pension increases since 2014. This has placed increasing pressure on many of our retirees as the cost of living has risen. The reforms we are bringing forward today are not only about securing pensions for those still in service, they are also about creating the financial capacity to advance benefit increases for those already retired – and for those who will retire in the future.

With these reforms, and subject to actuarial advice, we will be in a position to consider benefit increases. While this Bill does not enact those increases, during this Legislative session, after consultation with the actuaries and the Public Service Superannuation Board, the Government will bring forward legislation to increase pension benefits for current public sector retirees.

Madam Acting Speaker, that is an important commitment, and it is only possible because we are taking the steps today to place the Fund on a secure footing.

## Closing

In closing Madam Acting Speaker, this has been a long journey. Multiple rounds of consultation, years of study, and careful consideration have led to the reforms the Government is bringing forward today. These changes are not easy, but no one in Bermuda should doubt that they are necessary.

This bill will reduce our unfunded liabilities, protect pensions for current and future public officers and secure the financial future of the Public Service Superannuation Fund.

These reforms are about responsibility. They are about fairness. And above all, they are about ensuring that the men and women who dedicate their lives to serving Bermuda and its people, can retire with dignity and security.

This Government has shown before that it will not shy away from difficult problems. We delivered a budget surplus after years of deficits. We made our tax system more fair, reducing taxes on workers in Bermuda. We restored fiscal stability to Bermuda's public finances and are now positioned to reduce our national debt. And today, we take another step in that tradition: securing pensions for the future.

Madam Acting Speaker, these reforms are the right thing to do. They are fair, they are responsible, and they will ensure that Bermuda's public officers, today and tomorrow, can depend on the pensions they have worked so hard to earn.

Thank you, Madam Acting Speaker.