Non Uniform Members Guide

Final Salary Scheme

Contents

About the Scheme

The Final Salary Scheme of the Public Employees' Pension Fund aims to provide financial security for you and your beneficiaries when you retire or in the event of your death. Scheme benefits are linked to your salary near to retirement so that all benefits keep up with salary increases and career progression.

The Committee of Management is responsible for the overall management of the Scheme. Contributions from members and employers are paid into a fund which is used to pay benefits as they become due.

The Scheme is approved for Jersey tax purposes so that contributions qualify for tax relief unless you are a high earner and income from investment is largely tax free. In view of these valuable tax concessions, the Comptroller of Taxes sets limits on the benefits payable. The benefits are paid in addition to any Jersey Social Security Old Age Pension.

The full details of the Scheme are contained in the Regulations under which it is run – the Public Employees (Contributory Retirement Scheme) (Existing Members) (Jersey) Regulations, 1989 (R&O - 7954), Public Employees (Contributory Retirement Scheme) (New Members) (Jersey) Regulations, 1989 (R&O – 7955), the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations, 1989 (R&O – 7956) and Public Employees (Pension Scheme) (Administration) (Jersey) Regulations 2015. Nothing in this booklet can override these Regulations.

This booklet is a guide to the Scheme's benefits provided by those Regulations. This booklet provides information for guidance purposes only and doesn't constitute legal, financial or investment advice. The booklet may not be relied upon to claim entitlements greater than those provided for under the Scheme's legislation.

Some technical terms have been used in the booklet and these are explained on page 3. A summary of the main benefits is given on page 4.

If you have any questions about the Scheme, you should contact the Public Employees Pension Team on telephone number: 01534 (4)40227 or by Email using PEPT@gov.je.

Please note: The Public Employees Pension Team (known as the "PEPT" or the "Pensions Team") cannot provide legal, financial or investment advice.

Terms Used

Pensions can seem difficult to understand because of the special terms used but these are often necessary to avoid confusion or ambiguity. The terms used in this booklet are explained below.

Salary is your basic salary or wage, together with any regular payment or allowance which is specified as being pensionable. Your Salary does not include payments in respect of untaken leave, overtime payments or any other emoluments of a fluctuating or temporary nature.

Final Salary is defined as your Salary in the best successive 365 days in the 3 years immediately preceding the day on which you cease to be an employee. Your pension benefits from the Scheme are based on this Final Salary.

Pensionable Service is your length of Scheme membership measured in years and days. It can also include extra service credited to you under a transfer from another pension arrangement, and extra years purchased if you pay additional voluntary contributions.

Qualifying Service is your length of Scheme membership measured in years and days including service as a member of other pension schemes from which a transfer value has been received.

Normal Retiring Age is age 65.

Child is defined as a natural child, step-child, legally adopted child or any other child who is considered by the Committee of Management as a proper recipient of a child's pension in the event of your death. A child aged 16 or over may be eligible for a child's pension if he is receiving full-time education, in Jersey or elsewhere, in an educational establishment approved by the Committee and has not attained age 23.

Scheme is the Final Salary Scheme of Public Employees' Pension Fund (formerly known as the Public Employees Contributory Retirement Scheme (PECRS))

Key Features of the Scheme

- A pension linked to your highest consecutive 365 days' Salary within 3 years of retirement (known as Final Salary).
- A choice of retirement age from 60 to 65, subject to minimum Pensionable Service
- The option to exchange part of your pension at retirement for a tax-free cash sum.
- If you have to retire on grounds of ill health, an enhanced pension based on your years of Pensionable Service, subject to adequate Qualifying Service.
- A cash sum payable if you die in service.
- A pension for your Widow, Widower, Surviving Civil Partner, Children on your death, subject to adequate Qualifying Service and other qualifying conditions.
- If you leave, the choice of a transfer payment or a deferred pension or a refund of contributions (subject to a maximum of 5 years service).
- The possibility of annual increases to deferred pensions and pensions in payment in line with the Jersey Retails Prices Index, subject to adjustment depending on the financial condition of the Fund. Your pension in payment cannot be reduced but the annual increase can be limited to 0% (see page 17).
- The option to purchase extra years of Pensionable Service by paying additional voluntary contributions.
- The provision of an annual benefit statement to members with more than two years qualifying service.

Joining the Scheme

Who can join the Scheme?

The Final Salary Scheme closed to new membership on 1st January 2016. Only those first employed before 01 January 2016 on a permanent or fixed term contract had the ability to join the Scheme.

Can I bring pension benefits from a previous arrangement?

You can request to transfer your benefits with a previous employer's pension scheme or personal pension into the Scheme. The transfer in will be used to buy extra years of Pensionable Service.

An application form and guidance information is available from the Pensions Team or on our webpages on www.gov.je/yourpension.

Contributions

How much do I pay?

Pension contributions for all members of the Final Salary Scheme is 7.75%.

All contributions are deducted automatically from your Salary before it is paid and if you are a taxpayer the real cost to you may be less as pension contributions qualify for tax relief.

Can I pay more to increase my benefits?

You can purchase additional pension by paying additional voluntary contributions ("AVCs"). AVCs purchase extra years of Pensionable Service which is used in the calculation of your pension on retirement or deferment. For further information about AVCs, you can visit our webpages on www.gov.je/yourpension.

How much does my employer pay?

The employer contribution rate is currently 16%.

The Actuary undertakes regular valuations of the Scheme's assets and liabilities to check on the financial condition of the Scheme and to assess whether the contributions are adequate to support the Scheme's benefits.

Leaving Benefits

What benefits are payable if I leave service?

On leaving service you will become entitled to a deferred pension. We will advise you of other leaver options. The available options will be determined by your length of service and any previous transfers received. These are summarised as follows:

Deferred Pensions

If you leave your employer before retirement you will be have a deferred pension from the Scheme. The deferred pension is calculated in the same way as your normal retirement pension and will be payable from your Normal Retiring Age. You may opt to start drawing your pension from age 60 (subject to having a minimum of 2 years pensionable service).

- If you started your membership in the scheme on or after 1 January 2006 you have the option to take your pension from age 60 but your pension will be subject to an early retirement reduction;

- If you started your membership in the scheme before 1 January 2006 you have the option to take your pension from age 60 without any early retirement reduction.

Your pension will be based on your Final Salary and Pensionable Service as at the date you leave service. Whilst in deferment your pension may receive annual increases in line with increases in the Jersey All Items Retail Prices Index, subject to the financial condition of the Scheme being satisfactory (see page 17).

Refund of contributions

If you have less than 5 years qualifying service, then you will be eligible to apply for a refund of your contributions. Please note, that we are required to deduct Income Tax at a rate of 10% from the payment. You would not be entitled to receive any of the employer's contributions paid in respect of your service.

Transfer payment

You may be entitled to transfer your benefits to another approved pension scheme established in Jersey or to a scheme established outside of Jersey provided that the transfer is compliant with the relevant Jersey tax rules. Further information on Transfers Out can be found in the leaflet titled the “Transfers Out Guidance Notes” available on our webpages on www.gov.je/yourpension.

Transfers to schemes not established in Jersey require prior approval of the Comptroller of Taxes. If you have the approval of the Comptroller of Taxes and the employer is a member of the UK Public Sector Transfer Club, then you have up to a year from the commencing date of your new employment to request a transfer estimate and agree to the transfer proceeding.

Under normal circumstances, if you are a deferred Member of the Fund (because you have left employment) and you request a transfer value quotation, the practice of the Administrator is to guarantee that quotation for a period of 3 months. Whilst the Administrator's intention is for this practice to continue, there may be exceptional circumstances which mean that the practice is altered. We will keep the situation under close review.

Conversion of deferred benefits into a one off lump sum

From 1 January 2025, if you are under age 60 and the capital value of your deferred benefits is less than £10,000 (note, this is not the value of your actual deferred pension), you may have the option to take your benefits as a one-off lump sum.

Deferred benefits made up in part of transferred in benefits cannot be converted into a one-off lump sum. The value of your benefits is not the same as how much you would expect to be paid per year when the entitlement to receive a pension falls due. It is essentially what the actuary calculates as being the fair amount to be paid to you today instead of waiting to receive the benefits on retirement.

Members choosing this option are advised that the lump sum is paid tax free and that no further liability for pension benefits remains in the Scheme. You will be required to record the lump sum as an income on your income tax return, for further information please contact the tax office.

If you have any potential survivor beneficiaries (spouse, civil partner and/or children under the age of 23 years), then before you elect to receive the lump sum you are strongly recommended to discuss your intentions with your potential beneficiaries in the event of your death.

You may wish to seek independent financial advice before choosing your option.

Retirement Benefits

When can I retire?

You have the option to retire at the following ages:

- At Normal Retiring Age (age 65).
- Any time up to 5 years before your Normal Retiring Age provided you have at least 2 years' Pensionable Service.

How much will my pension be?

Your Pension is calculated by multiplying your pensionable service by your final salary and then dividing it by your accrual rate as shown below.

$$\frac{\text{Final Salary x Pensionable Service}}{\text{Accrual Rate}} = \text{Annual Pension}$$

Pensionable service includes the following:

- The length of Scheme membership (subject to a maximum of 45 years)
- Any extra service credited following a transfer from another pension arrangement
- Any extra years purchased if you pay additional voluntary contributions

Your final salary is calculated as being your annual salary over the best 365 consecutive days before you retire or leave the scheme.

- The Accrual Rate for all **non-uniform members** under the **Existing Members Regulations is 1/60th**
- The Accrual Rate for all **non-uniform members** under the **New Members Regulations is 1/80th**

An example of a pension calculation for a non-uniform member under the New Members Regulations is shown below:

$$\frac{£40{,}000 \times 20 \text{ years}}{80} = £10{,}000$$

Please note, your retirement pension must not exceed 75% of Final Salary.

Will my pension be increased in payment?

All pensions in payment are reviewed annually in line with increases in the Jersey Retail Prices Index, subject to the financial condition of the Scheme being satisfactory (see page 17).

Pension Payments and Taxation

If you retire and remain living in Jersey then your pension will not receive a deduction for tax. Each year you will have to inform Revenue Jersey of your pension income on you tax return. You can if you wish request for tax to be deducted from your pension at source, you need to discuss this with Revenue Jersey.

If you retire and opt to live outside of Jersey then the pension team will have to deduct 20% tax from your pension. If you can pay tax on your pension income in the country that you have moved to then you will need to contact Revenue Jersey to understand how to have your pension paid without deduction of tax.

If you are a pensioner who has moved to live in another country then you will need to inform the pensions team so that they can start to deduct 20% tax from your pension. The pension team reserve the right to reclaim unpaid tax from the date you move out of Jersey.

Early Retirement Pension

You may retire at any age up to 5 years before your Normal Retiring Age provided you have at least 2 years' Pensionable Service.

Reductions are applied if you first became a public employee on or after 1 January 2006 and elect to draw your pension before Normal Retiring Age

If you first became a public employee on or after 1 January 2006 and you are an active member when you retire, the early retirement reduction to your pension is set under the Regulations. The early retirement reduction depends on how many years before NRA you choose to retire. The factors in use at present are as follows:

No of Years pre NRA	Early Retirement Factor
Zero years (i.e. at NRA)	100%
1 year	97.6%
2 years	95.2%
3 years	92.8%
4 years	90.4%
5 years	88%

These involve a reduction to your pension of 2.4% for each year that you decide to retire before your Normal Retiring Age. Proportionate adjustments would apply for part years. (The actual early retirement factors at the time you retire may be different from the above)

On early retirement you will receive a pension which will be calculated as:

$$\frac{\text{Final Salary x Pensionable Service}}{\text{Accrual Rate}} \text{ x Early Retirement Factor}$$

As an alternative to taking an early retirement pension, you have the option to leave employment and defer payment of your pension to your Normal Retiring Age.

If you have received details about your pension and you know your retirement date, to finalise your retirement you will need to complete our online form available on our webpages on www.gov.je/yourpension on the page title 'Retiring from or leaving a public service pension scheme'.

Ill Health Retirement Pension

The procedures for ill-health retirement are set out in a leaflet which is freely available from the Pensions Team. This leaflet gives details of target timescale for dealing with applications and also explains the appeal system which can be used if any difficulties arise.

What if I retire through ill health?

If you are retired on grounds of ill health or incapacity, you will receive an immediate pension provided you have at least 2 years' Qualifying Service.

The pension will be calculated as for normal retirement but you could be awarded additional Pensionable Service to compensate for the fact that ill-health has obliged you to retire early. The amount of extra service depends on your Pensionable Service at the date of retirement:

Pensionable Service*	**Additional Period**
Less than 5 years	No additional service
More than 5 but less than 10 years	Service Doubled
More than 10 but less than 13 1/3 years	Service made up to 20 years
Over 13 1/3 years	6 2/3 years added

***** The pensionable service used in the calculation of the enhancement to an ill health retirement excludes any added years which you may receive through paying additional voluntary contributions or as a result of receiving a pensionable allowance such as extra duty payments.

The total of your Pensionable Service and Additional Period must not exceed the Pensionable Service that you would have completed had you remained in service until your Normal Retiring Age.

What happens if I become able to work again?

While in receipt of an ill-health pension, until you reach your Normal Retiring Age, you may be required to undergo a medical re-assessment from time to time. If, as a result, the Committee of Management is advised that you are able to return to work, and an Employer within the Scheme offers you compatible re-employment which you accept, payment of your ill-health pension will cease on the date you re-enter employment. The Pensionable Service you completed before your period of absence began will be added to the Pensionable Service you complete after returning to work when calculating your eventual retirement pension.

If, on the other hand, you reject the offer of re-employment, your ill-health pension will cease three months from the date of offer and you will be entitled to a deferred pension payable at Normal Retiring Age based on your Final Salary and Pensionable Service at the date you retired due to ill health.

If you are unhappy with a decision to stop payment of your ill-health pension you have the opportunity to appeal. The appeals process is available to download from our website www.gov.je/yourpension.

Options at Retirement

Can I exchange part of my pension for a cash sum?

Yes. You can choose to give up part of your own pension when you retire for a cash sum and receive a reduced pension. The cash sum is currently paid free of tax.

You can exchange up to 30% of your total pension. For every £1 of annual pension given up you will receive a cash sum of £13.50.

NOTE - In deciding whether to exchange part of your pension for a cash sum, you need to bear in mind the following:

- If you exchange part of your pension for a cash sum, you will be giving up a pension which would have been increased each year as described on page 17. Because of this, the £13.50 cash sum may not reflect the full value of the £1 of annual pension given up (particularly, if you are in normal health with a normal life expectancy).
- If you wish to maximise a regular increasing income in retirement, it may be more difficult to achieve this if you take the cash sum option.

Small Pensions

From 1 January 2024, if the total value of your pension at retirement is less than £50,000 you have the option to take this as a one off lump sum.

If you are considering this option you must be 60 or above, your pension benefits must not be in payment and if you have commuted any other small pension into a lump sum, the aggregate amount of all your pension benefits cannot exceed £50,000.

70% of the lump sum is taxed at half the standard income tax rate. Members choosing this option are reminded that no further liability for pension benefits remain in the Scheme. It is important to contact the Pensions Team in advance of your intended retirement date for further details.

Please Note: The one off lump sum has to be paid in a single payment to one bank account or by a singular cheque. You cannot split a lump sum amount into multiple payments.

Death Benefits

What benefits are payable on my death?

The benefits that are payable depend on when you die; whether you are still employed; whether you have already retired; or whether you have left with entitlement to a deferred pension.

DEATH IN SERVICE

If you die in service while a member of the Scheme, the following benefits will be payable:

A Cash Lump Sum

- If you have less than 5 years' Qualifying Service, the cash sum will be equal to 2/5ths of your annual rate of Salary at the date of death multiplied by your Qualifying Service.
- If you have 5 or more years' Qualifying Service, the cash sum will be twice your annual rate of Salary at the date of death.

The Committee of Management has the discretion to determine recipient(s) of the cash sum payable if you die in service while a member of the Scheme. This discretion will be exercised after having taken into account any wishes made known by you prior to your death, although your wishes will not be binding on the Committee of Management.

If no wishes have been made known the cash sum will usually be paid to your surviving spouse or surviving civil partner or if there is no surviving spouse or surviving civil partner to any surviving Children, or if there is no surviving Child it may be paid to your estate.

You can complete an **Expression of Wish Form** which enables you to indicate to the Committee of Management the person(s) you wish to be considered as recipient(s) of any cash sum payable in the event of your death.

Widow's, Widower's or Surviving Civil Partner's Pensions

Provided you have completed 2 or more years' Qualifying Service at the date of your death, a pension will be payable to your widow, widower or surviving civil partner.

The amount of pension depends on whether you die in service before or after your Normal Retiring Age:

- If you die in service before your Normal Retiring Age, the pension will be one-half of the pension you would have earned had you continued in service to your Normal Retiring Age but based on your Salary at the date of death.
- If you die in service after your Normal Retiring Age, the pension will be one-half of the pension you would have received had you retired on the day before your death.

Children's pension

Provided you have completed 2 or more years' Qualifying Service at the date of your death, a pension will be payable equal to one-half of the Widow, Widower's or Surviving Civil Partner's for each Child up to a maximum of two Children.   The Child's pension will be doubled if there is no one entitled to receive a Widow's, Widower's or a surviving Civil Partner's.

DEATH AFTER RETIREMENT

On your death after retirement the following benefits will be payable:

Widow, Widower's or Surviving Civil Partner's Pensions

A pension equal to one-half of your pension at the date of your death will be payable to your widow or widower or surviving civil partner. The pension will be based on your full pension ignoring any reduction for taking cash at retirement.

If you retired early due to ill health, the Widow's, Widower's or Surviving Civil Partner's pension will be one-half of the pension you would have earned had you continued in service to your Normal Retiring Age but based on your Salary at the date of retirement

NOTE – A Widow's / Widower's / Surviving Civil Partner's will not be payable if the marriage or civil partnership registration took place after you reached your Normal Retiring Age.

Children's pension

A pension will be payable equal to one-half of the Widow's, Widower's or Surviving Civil Partner's pension for each Child up to a maximum of two Children. The Child's pension will be doubled if there is no one entitled to receive a Widow's, Widower's or Surviving Civil Partner's. A Child's pension will not be payable if the Child is the result of a relationship which began after you reached your Normal Retiring Age.

DEATH AS A DEFERRED PENSIONER

If you are entitled to a deferred pension but you die before payment commences, the following benefits will be payable:

Widow's, Widower's or Surviving Civil Partner's Pension

A pension equal to one-half of your deferred pension calculated when you left and including increases up to the date of your death, will be payable to your Widow's, Widower's or Surviving Civil Partner.

Children's pension

A pension will be payable equal to one-half of the Widow's, Widower's or Surviving Civil Partner's pension for each Child up to a maximum of two Children. The Child's pension will be doubled if there is no one entitled to receive a Widow's, Widower's or Surviving Civil Partner's pension.

Dependant Pension

A dependants pension is payable where the members has no spouse, civil partner or child to pay a pension to. A dependants pension is payable to a person who has been nominated by a member of the scheme as being dependant on the member for the ordinary necessities of life.

There is no guarantee that a pension will be paid to a nominated dependant. On the death of a member the dependant would have to prove to the Committee of Management (the governing body of the Public Employees Pension Fund) that they have been dependant on the member. It will be up to the discretion of the Committee as to whether they determine this to be a sufficient level of dependency to warrant paying a pension.

Examples of Benefits on Retirement and Death

Example 1: Normal Retirement

Pension

Mr A is a non-uniform under the New Members Regulations. Mr A retires at age 65 and at that time he has completed 40 years' Pensionable Service. His Final Salary at retirement is £20,000.

His pension is calculated as:

$$\frac{\text{Final Salary x Pensionable Service}}{80} = \frac{\text{£20,000 x 40}}{80} = \text{£10,000 per annum}$$

Cash Sum

Mr A chooses to exchange as much of his pension as possible for a cash sum. The maximum pension that he may exchange for cash is calculated as:

$$\text{£10,000 x } \frac{30}{100} = \text{£3,000}$$

The amount of cash given in exchange for this pension would be

$$\text{£10,000 x } \frac{30}{100} = \text{£3,000 x £13.50 = £40,500}$$

His remaining pension is then:

$$\text{£10,000 – £3,000 = £7,000 per annum}$$

Widow's Pension

The pension payable to Mr A's widow after his death is calculated as:

½ x £10,000 per annum with increases awarded since retirement

The same figure applies whether or not Mr A exchanges part of his pension for a cash sum.

Example 2: Death after Retirement

Mr A in Example 1 dies 3 years after retirement. Since retirement his own pension has been increased by, say, 10%. Had he not exchanged part of his pension for a cash sum, his pension at the date of death would have been:

£10,000 x 1.10 = £11,000 per annum

His widow will therefore receive a pension of: ½ x £11,000 = £5,500 per annum

The example shows that the pension now to be paid to Mr A's widow has increased by 10% since the date Mr A retired, exactly in line with Mr A's pension.

Example 3: Death in Service

Ms B is a non-uniform member under the Existing Members Regulations. Ms B dies in service at age 35 leaving a partner and two children under 16. She had been a member of the Scheme for 10 years. Her Salary at the date of her death was £20,000 per annum.

Had Ms B survived in the Scheme until her Normal Retiring Age, she would have completed 35 years' Pensionable Service. The benefits payable are as follows.

Cash Sum Death Benefit

As Ms B had more than 5 years' Qualifying Service, her partner (who was nominated on her Expression of Wish Form) receives a cash sum of:

£20,000 x 2 = £40,000

Children's Pension

Each Child will receive a pension of:

$$£5,000 \times \frac{1}{2} = £2,500 \text{ per annum}$$

The pension for each Child will be payable while that child meets the Scheme's definition of an eligible Child under the Regulations.

Example 4: Leaving Service

Mr C is a non-uniformed member in the Existing Members Regulations. Mr C leaves service at age 35 after 10 years in the Scheme. His Final Salary at the date of leaving is £20,000 and he takes up his option of a preserved pension payable from age 65. Mr C's preserved pension at the date of leaving is calculated as:

$$\frac{£30{,}000 \times 10}{60} = £5{,}000 \text{ per annum}$$

If Mr C should die leaving a widow before his pension commences, she will receive a pension.

If Mr C's preserved pension had increased by, say, 20% between the date of his leaving service and the date of his death, his widow's pension would be calculated as:

$$£5{,}000 \times 1.20 \times \tfrac{1}{2} = £3{,}000 \text{ per annum}$$

Mr C can, if he wishes, exchange part of his pension for a cash sum when his pension comes into payment.

If Mr C dies leaving a widow after his pension has come into payment, she will receive a pension of one half of the pension he would have been receiving before any reduction for a cash

Examples of Benefits on Retirement and Death on or after 1 January 2006

Example 1: Reduced Pension paid on Early Retirement

<u>Pension:</u>

Mr A is a non-uniformed member under the New Members Regulations. Mr A retires 5 years before NRA and at that time he has completed 35 years' Pensionable Service. His Final Salary at retirement is £20,000.

The Early Retirement Factor at the time he retires is 88%.

His pension is calculated as:

$$\frac{\text{Final Salary} \times \text{Pensionable Service}}{80} \times 88\% = \frac{£20{,}000 \times 40}{80} \times 88\% = £7{,}700 \text{ per annum}$$

Mr A can choose to exchange some of his pension for a cash sum.

Widow's pension:

The pension payable to Mr A's widow after his death is calculated as:

½ x £7,700 per annum with increases awarded since retirement

The same figure applies whether or not Mr A exchanges part of his pension for a cash sum.

Example 2: Leaving Service

Mrs B is a non-uniformed member under the Existing Members Regulations. Mrs B leaves service at age 35 after 10 years in the Scheme. Her Final Salary at the date of leaving is £20,000 and she takes up her option of a preserved pension payable from age 65. Mrs B's preserved pension at the date of leaving is calculated as:

$$\frac{£20{,}000 \text{ x } 10}{60} = £3{,}333 \text{ per annum}$$

The pension on retirement will be higher due to increases granted to protect against inflation, subject to the Scheme ability to pay (see page 17). If Mrs B's preserved pension had increased by, say, 15% between the date of her leaving service and the date he chooses to draw his preserved pension, and if the reduction factor in use at that time for a member drawing a deferred pension 5 years before NRA is 77%, her pension would be:

$$\underline{£3{,}333 \text{ x } 1.15 \text{ x } 77\%} = £2{,}952 \textit{ per annum}$$

Mrs B can exchange part of her pension for a cash sum when her pension comes into payment.

Spouse pension on death after retirement:

If Mrs B dies leaving a spouse after her pension has come into payment, the spouse will receive a pension of one half of the pension Mrs B would have been receiving before any reduction for a cash sum.

The pension payable to Mrs B's spouse after her death is calculated as:

½ x (£2,952 *p.a. with increases awarded since retirement)*

Widow's pension on death before pension commences:

If Mrs B should die leaving a spouse before her pension commences, the spouse will receive a pension of one half of the pension she would have been receiving without any reduction for early payment.

If Mrs B's preserved pension had increased by, say, 10% between the date of her leaving service and the date of her death, the spouse pension would be calculated as:

$$£3{,}333 \times 1.20 \times \frac{1}{2} = £1{,}999.80 \text{ per annum}$$

Pension Increases

How are pensions increased?

Pensions in payment and deferred pension are reviewed each January with the aim of providing increases in line with the rise in the Jersey All Items Retail Prices Index. Proportionate increases are awarded for pensions which came into payment and for deferred pensions which came into existence part way through the previous year.

Increases in line with rises in the Jersey Retail Prices Index are not guaranteed and are subject to the financial condition of the Scheme being satisfactory

If, following an actuarial valuation of the Scheme, the Actuary advises that the financial condition is not satisfactory, proposals agreed by the Committee of Management may be submitted to the States Assembly for member's contributions and/or employer's contributions to be increased and/or member's benefits to be reduced, which may affect pension increases. If there is no agreement then pension increases, and possibly other benefits, will be reduced. Your pension in payment cannot be reduced but the annual increase can be limited to 0%

Additional Information

How are pensions paid?

Pensions are paid monthly by BACS.

Can I have my pension paid into another person's account?

No. The pension benefit has to be paid into the bank account of the member to whom the benefit relates.

Can I have a lump sum payment paid into more than one bank account?

No. The lump sum has to be paid in a single payment to one bank account. You cannot split a lump sum amount into multiple payments.

Does membership of the Scheme affect my entitlement to a Jersey Social Security Old Age Pension?

No. Your entitlement to a Jersey Social Security Old Age Pension is in addition to your Scheme benefits.

Old age pension adjustment

The Old Age Pension Adjustment may be of interest to you if you wish to have a higher income from the Scheme before your Jersey Social Security Old Age Pension becomes payable in return for a lower one thereafter. For example, you may wish to make this adjustment so that you avoid a sudden increase in your combined income from the Scheme and Jersey Social Security when your Social Security Old Age Pension becomes payable or in order to afford more easily the continuation of Jersey Social Security Contributions.

Details are as follows:

Can I elect for an Old Age Pension Adjustment?

Provided you will become entitled to an Old Age Pension under the Social Security (Jersey) Law 1974, you may, during the 6 months before retirement from this Scheme, elect for such an adjustment, so as to receive a higher pension from the Scheme before the date when Social Security Old Age Pension becomes payable and a lower pension from the Scheme thereafter.

The difference between the higher and lower pensions may not exceed the maximum possible annual basic rate of Social Security Old Age Pension which could be paid to any individual at the date of the commencement of that pension. The Committee of Management may apply further restrictions on the adjustment.

Will Widow's, Widower's, Surviving Civil Partner's or Children's pensions be affected by the Adjustment?

No. The pension will be based on your full pension as if you had not taken up this option.

Can I allocate a portion of my pension to nominated dependant?

Yes, you will have to make an election at least 6 months before your pension becomes payable. You can nominate one or more individuals who are deemed as being dependant on you to receive a portion of your pension on retirement.

The pension committee must consent to the allocation and the Scheme Actuary will have to perform the calculation to ensure that the allocation is cost neutral to the pension fund.

What happens if I am absent from work?

If your absence is due to ill-health or injury:

- You will remain a member of the Scheme;
- Your period of service will count towards your Pensionable Service;
- Both you and your employer will be required to pay contributions on any salary or sick pay you receive during the period of absence;
- If you do not return to work, your Pensionable Service will cease on the day your employment contract terminates (for example, on the day you retire due to ill-health).

If you are absent for any reason other than ill health or injury, with the agreement of your employer you will normally remain a member of the Scheme for up to 2 years. This period can be extended by agreement of the Committee of Management.

If you continue to pay contributions on your full salary during your period of absence or if you make up any unpaid contributions when you return to work, your employer will pay contributions during the same period and your period of absence will count towards your Pensionable Service.

If you choose not to pay the contributions during your absence or upon your return to work, your period of absence will not be counted as pensionable. However, your Pensionable Service before and after the period of absence will be regarded as continuous.

How are my benefits affected if I work part-time?

If you are, or have been, a part-time employee whilst a member of the Scheme, your benefits will be adjusted to take account of your part-time hours.

Can I use my right to pension benefits as security for a loan or to obtain cash?

No. You cannot assign your future pension benefits to obtain cash payments, or as security for a loan. Under the Regulations, there can be no claim on the Scheme.

What happens to my benefits if I become bankrupt?

If you become bankrupt or you or your personal representatives are divested of your interest in all or any part of the Scheme benefits, then all your rights and benefits under the Regulations will be placed with the Committee of Management, and all amounts which would otherwise be due shall be applied for the benefit of you and your beneficiaries.

What about tax?

No income tax or capital gains tax is generally payable on the investment income of the Scheme and your contributions qualify for tax relief unless your income exceeds a certain amount. Because of these valuable tax concessions, the Comptroller of Taxes requires that benefits do not exceed certain limits. You will be told if your benefits are affected. However, when pensions become payable they will be taxed as earned income.

In the event that you leave Jersey we will be required to deduct income tax at the standard rate from your pension. The standard rate will apply until the Pensions Team is advised by the Comptroller of Income Tax of an alternative rate to apply. It is therefore in your interest to ensure your tax affairs are in order so that the correct rate of tax will be applied to your pension.

How is the Scheme run?

The management of the Scheme is the responsibility of the Committee of Management as Trustee. The Committee's members are appointed by the Chief Minister and there is an equal number of member and employer nominee representatives, plus an independent chairman.

Is there anything which would prevent my pension being paid?

Although it is intended that the Scheme should continue indefinitely, your employer does not, guarantee the solvency of the Scheme. Your employer is not obliged to provide benefits under the New Members Regulations that cannot be met by the Scheme.

Contact Details

Who can help me if I have a query or complaint?

If you have any questions or issues about your benefits, the Final Salary Scheme or the PEPS or pensions in general, you should contact the Pensions Team through the following means

Public Employees Pension Team
Treasury & Exchequer,
PO Box 353,
Union Street,
St Helier,
Jersey,
JE2 3RR

Telephone: (01534) 440227

Email: pept@gov.je

Website: www.gov.je/yourpension

Call or email to book a meeting with a member of the pensions team at our union street building