

Full Members Guide Career Average Scheme

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About this Booklet

The Public Employees (Pensions) (Jersey) Law 2014 (“the Law”) introduced the Public Employees’ Pension Scheme (“PEPS”). Regulations made under the Law determine the scheme to be a Career Average Revalued Earnings (“CARE”) Scheme (or “Career Average Scheme”). The Career Average Scheme aims to provide pension benefits for you and your dependants when you retire or in the event of your death. The Scheme benefits are calculated using the pensionable earnings you are paid in each year you are a contributing member. The scheme aims to revalue your pension by Jersey RPI +1% every year whilst you continue to contribute.

The information in this booklet is based on the following Legislation:

- **Public Employees (Pension Scheme) (Administration) (Jersey) Regulations 2015**, (effective from 01/01/2016)
- **Public Employees (Pension Scheme) (Membership and Benefits) (Jersey) Regulations 2015**, (effective from 01/01/2016)
- **Public Employees (Pension Scheme) (Funding and Valuation) (Jersey) Regulations 2015** (effective from 01/01/2016 regarding Regulations 1 to 12, 16 and 17, 19 to 21 and Schedules 1 and 5 and the remaining provisions will be effective from 01/01/2019), and
- **Public Employees (Pension Scheme) (Transitional Provisions, Savings and Consequential Amendments) (Jersey) Regulations 2015**, (effective from 01/01/2016 regarding Regulations 1, 15(2) to (7), 16 to 18, 19(1) and Schedule 1 and the remaining provisions will be effective from 01/01/2019),

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.

This booklet only applies to individuals who have joined the Career Average Scheme.

This booklet is for general use and cannot cover every personal circumstance nor does it cover specific protected rights that apply to a limited number of employees. In the event of any dispute over your benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights and is provided for information purposes only.

The booklet describes the situation from the date it was last updated, and should not be taken as a promise that provisions will not change. It may be that changes are not immediately reflected in a revised version of this booklet.

The booklet explains the benefits available to you as a member of the Career Average Scheme. It describes how the Scheme works, what it costs to be a member and the pension benefits that it aims to offer to you and your family.

Last updated – July 2020

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 do not come to Broad Street Offices to see or talk to a member of the Pensions Team.

We only see members face to face on Tuesdays at Customer and Local Services in La Motte Street.

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

Introduction

The Career Average Scheme is administered by the Public Employees Pensions Team (PEPT) of the Treasury & Exchequer. The Scheme is managed by a Committee of Management, which consists of 6 employer nominated members, 6 employee nominated members and an independent chairperson.

Notifying the Pensions Team

Please remember to keep the Pensions Team informed of any changes to your circumstances, this includes any change of your address to ensure that we can keep in contact with you at any point. Any change can be made in writing, by using the ‘Communication change form’ available on our webpages on www.gov.je/yourpension.

How will we communicate with you?

For communications such as newsletters and benefit statements we prefer to communicate to you via email or through the website as this is more cost effective for the Scheme. Please contact us to let us know of any changes to your email address.

Glossary

You will find a glossary of terms at the back of this booklet to help you understanding some of the terms used. If you find anything in the booklet that is not covered in the glossary, please contact the Pensions Team who will be able to help.

Key Features

Pension

You build up pension while you are an Active Member of the Scheme (please see the Glossary for a definition of Active Member). The amount of pension you build up is 1/66th of your pensionable earnings in each year. Whilst you are an Active Member the aim of the scheme is to revalue your accrued pension by the Jersey All Items Retail Prices Index + 1% (subject to financial affordability).

The pension is paid out at retirement for the remainder of your life and will receive an annual increase, subject to below.

Tax-free cash

All members will have a one off option to either commute some of their pension at retirement or commute some of their accrued pension in employment into a tax free lump sum. If you choose to take your lump sum whilst remaining in employment the amount that you will receive will be actuarially reduced in order to take account of the fact that you are withdrawing part of your pension early.

Benefits payable on death or ill-health

As a member of the scheme you will receive immediate life cover and a pension for your spouse, civil partner, co-habiting partner or dependent, and any eligible children in the event of your death. A lump sum will also become payable if you die whilst an active member. If you ever become seriously ill and have a minimum of 2 years pensionable service in the scheme, you could receive immediate payment of ill health benefits.

Benefits are not guaranteed

Your future benefits in the Scheme are not guaranteed. As the scheme is not a traditional balance of cost pension scheme, where a defined level of benefits would be guaranteed by your employer, if there is a deficit in the Fund employee benefits may be reduced in order to bring the Fund back to a balanced position.

- the revaluation rate of your benefits whilst you are in employment may be cut to a minimum of 50% of Jersey RPI +1%
- the increase to your pension in retirement may be cut to a minimum of 50% of Jersey RPI
- the increase to your pension in deferment may be cut to a minimum of 50% of Jersey RPI
- the rate at which you accrue future benefits may be reduced; and/or
- your employee contribution may be increased.

Your benefits are dependent on the financial position of the pension fund remaining satisfactory. The financial position of the pension fund is determined every 3 years when the Scheme Actuary undertakes an actuarial valuation. The first actuarial valuation that may impact on your benefits will take place at the end of December 2018.

Freedom to choose when to take your pension

You do not need to have reached your Normal Pension Age in order to take your pension; you can choose to retire and draw your pension before or after your Normal Pension Age. Your Normal Pension Age is simply the age you can retire and take the pension you have built up in full. However, if you choose to take your pension before your Normal Pension Age it will normally

be actuarially reduced, as it's being paid earlier and for longer. If you decide to take it later than your Normal Pension Age it will be actuarially increased due to it being paid later.

Tax Relief

If you are a tax payer, the real cost to you may, in fact, be less than the 7.75% or 10.10% you are paying as your contributions may qualify for tax relief.

Furthermore, if you are purchasing additional pension through paying additional voluntary contributions, you could also receive tax relief on any additional contributions that you may be paying.

About the Scheme

There are three main pension schemes for public employees in Jersey, the Public Employees Pension Scheme (PEPS or Career Average Scheme), the Public Employees Contributory Retirement Scheme (PECRS or Final Salary Scheme) and the Jersey Teachers' Superannuation Fund (JTSF). All three schemes have been set up to provide employees within the Government of Jersey, admitted bodies and accepted schools with a pension for life on retirement (a list of Admitted Bodies can be found in appendix 1). This booklet focuses on the Public Employees Pension Scheme which provides Career Average benefits for civil servants, manual workers, health workers (Doctors, Nurses, Midwives etc.), emergency services (Police, Fire, Prison Services etc.) and admitted bodies. Admitted bodies are employers other than the States Employment Board which are permitted to be part of the Career Average Scheme, usually because of a present or historic link to the public sector.

The Career Average Scheme also provides benefits to family members and close dependants through survivor benefits. Benefits are payable to spouses, civil partners, co-habiting partners, eligible children and dependants.

The Career Average Scheme benefits are defined in the scheme legislation. Benefits under Career Average Scheme are calculated by reference to what is known as "Career Average Revalued Earnings" which means that you receive a pension based on a percentage of the pensionable earnings that you earn in each year you are in active service.

Joining the Scheme

Who can join?

The Scheme is available to all Government of Jersey employees who are on a permanent or fixed term contract. Membership is compulsory for permanent employees. Employees on a fixed term contract have the option to join the Scheme.

Any option that you make as a fixed term contract employee will be binding for the period of the contract. You will have the option to opt in or out at each fixed term contract renewal. You will not be given the opportunity to back date your pension contributions for your previous contract.

Admitted employers may have different rules for joining the Scheme. If you are employed in an Admitted Body please contact your employer for further information.

Employees on a zero hour contract are not eligible to join the scheme.

What if I am contributing to another pension scheme?

You can continue to contribute another pension scheme, for example the Jersey Teachers Superannuation Fund (JTSF), or contribute towards a personal pension scheme approved under the Income Tax (Jersey) Law 1961 (as amended), as a member of Career Average Scheme.

Contributions

Contribution Rates

The rate of contributions that you will pay as a member of the Career Average Scheme will depend on which category of member you are.

- For non-uniformed members (also known as Ordinary Members) the current contribution rate is 7.75%
- For uniformed members the current contribution rate is 10.10%

Uniformed members include:

- Police Officers including the Chief Officer and Deputy Chief Officer;
- Firefighters including the Chief Officer, Deputy Chief Officer and Officers in the Airport Rescue and Firefighting Service;
- Prison Officers including the Prison Governor;
- Emergency Ambulance Officers including the Chief Ambulance Officer and Assistant Chief Ambulance Officer; and
- Air Traffic Control Officers.

Contributions are only payable on your pensionable earnings. Your pensionable earnings are defined as the total of all the salary and any pensionable allowances paid to you.

Payments on which you will not pay contributions include: overtime payments, payments of a temporary nature, payments in respect of untaken leave, any travelling subsistence or any other allowance paid in respect of expenses, payments in lieu of notice to terminate a contract of employment and any payment for loss of future pensionable earnings or benefits.

Always check your payslip to ensure that pension contributions are being deducted at the correct rate.

Please Note: The contribution rate is dependent on the financial condition of the Scheme and may be subject to adjustment following an actuarial review.

Contributions during child related leave

Child related leave means maternity, adoption and paternity leave.

If you are intending to go on child related leave you and your employer will be required to continue paying contributions on any pensionable earnings that are paid to you during your leave period.

For those who work in the Government of Jersey, if you have decided to take the additional 10 weeks maternity or adoption leave where your earnings drop to 90% of your normal pensionable earnings (as allowed under the current relevant policies which are subject to change), you and your employer will be required to pay contributions based on 100% of those earnings.

If you are intending to take unpaid child related leave you can request for that leave to be made pensionable. Were you to do so, you must make a request in writing before you start the unpaid leave.

Where a request has been made or agreed, you and your employer will be required to pay contributions based on 100% of the pensionable earnings that you would have earned over the unpaid period of leave. If you are on Maternity or Adoption Leave then the contributions for the unpaid period of leave will be deducted from any pensionable earnings that you receive whilst on that leave along with your normal contributions.

If you are on paternity leave then you will either pay the contributions before you go or they will be split by paying 50% through the pay received whilst on leave and 50% on returning from leave.

If you work for an Admitted Body Employer you will need to contact your employer for further information on child related leave as their policies may differ from that of the Government of Jersey. If you are employed by an Admitted Body Employer then you will have to obtain their agreement to make any unpaid leave pensionable.

Employer Contributions

Your employer currently pays a contribution rate of 16% of pensionable earnings for all members of the Scheme. The employer contribution rate is capped in legislation at 16.5% of pensionable earnings. The employer contribution rate cannot be increased above the cap.

Additional Voluntary Contributions (AVCs)

AVCs can be used to increase your annual pension and any lump sum should you decide to commute some of your pension on retirement or whilst in employment. Payment of AVCs will also increase any survivor benefits in the event of your death.

There are three ways to pay AVCs in order to purchase additional pension:

- paying a singular amount out of your monthly or weekly pensionable earnings (e.g. £500 in a single payment)
- paying a regular fixed amount out of your monthly or weekly pensionable earnings (e.g. £20 per month/week)
- paying a set percentage of your monthly or weekly pensionable earnings (e.g. 5%).

You should note that if you decide to pay a regular fixed amount it is expected that this will buy a smaller amount of pension in future years because the rates are age-based. Each year you get closer to your Normal Pension Age the amount you pay will buy less and less additional pension. If you want to continue purchasing the same amount of pension each year, you will need to periodically increase your annual AVC contribution.

If you pay AVCs as a percentage of your salary the amount you pay will automatically change each year with in line with any changes to your contractual salary.

If you choose to pay by a regular fixed amount or by a fixed percentage from your pensionable earnings, you can choose to make an open-ended commitment to go on contributing every month/week, until you leave, retire or decide to stop your AVCs arrangement.

If you are finding it difficult to pay AVC's, you can give notice to stop paying. Though, if you do you will only receive additional pension based on the AVCs you have paid into the Scheme.

Please note: the terms for future AVC payments will be subject to regular review.

Further information on AVCs can be found in our "Guidance leaflet for AVCs", available on our website or through the Pensions Team.

Pension Benefits

When can I receive my pension?

As an ordinary member of the Scheme your Normal Pension Age will be automatically linked to the Island Wide Jersey State Pension Age which is due to rise to age 67 by 2031, with the increases being phased in from 2020. The following chart shows how the increase in the Jersey State Pension Age will impact on the Normal Pension Age of employees born after 1 January 1955.

Date of birth	Normal Pension Age
1 Jan 1955 to 31 Oct 1955	65 years and 2 months
1 Nov 1955 to 31 Aug 1956	65 years and 4 months
1 Sep 1956 to 30 Jun 1957	65 years and 6 months
1 Jul 1957 to 30 Apr 1958	65 years and 8 months
1 May 1958 to 28 Feb 1959	65 years and 10 months

1 Mar 1959 to 31 Dec 1959	66 years
1 Jan 1960 to 31 Oct 1960	66 years and 2 months
1 Nov 1960 to 31 Aug 1961	66 years and 4 months
1 Sept 1961 to 30 Jun 1962	66 years and 6 months
1 Jul 1962 to 30 Apr 1963	66 years and 8 months
1 May 1963 to 29 Feb 1964	66 years and 10 months
1 Mar 1964 onwards	67 years

If you are a uniformed member your Normal Pension Age will be age 60.

Can I retire earlier or later than my Normal Pension Age?

If you are an ordinary member and you want to retire earlier than your Normal Pension Age, you have the option to take your benefits up to 10 years early. If you are a uniformed member you will be able to take early retirement up to 5 years early.

If you choose to take your benefits before your Normal Pension Age your benefits will be reduced to take account of them being paid earlier and for longer. The amount of reduction will be based on guidance supplied by the Scheme Actuary.

This information will be made available to all employees to assist them in making their decisions. It is important to contact the Pensions Team in advance of your intended retirement date so that they can provide you with details.

If you want to carry on working beyond your Normal Pension Age your benefits will attract an enhancement as you will be delaying the payment of benefits to a later date meaning that they may be paid for a shorter period. The amount of enhancement will also be based on actuarial guidance.

What happens if I have a deferred Final Salary Scheme pension?

Having a deferred pension is one that you are no longer contributing towards, but have not yet begun to take payment of. If, prior to becoming a member of Career Average Scheme, you had an entitlement under the Final Salary Scheme to a deferred pension, then those benefits will be payable in accordance with the Regulations under which it was accrued.

Becoming a member of Career Average Scheme will not affect the age at which you will be able to draw your deferred Final Salary Scheme benefits. Furthermore, you will be able to draw your deferred Final Salary Scheme benefits and remain in scheme employment.

For example, if you were a non-uniformed member of the New Members Regulations 1989, first employed before 1 January 2006, you can currently decide to receive your deferred benefits from

age 60 without any deduction for drawing your pension early. This will remain the case. You will be entitled to start receiving your benefits on this basis even if you continue in employment. You cannot however draw your Career Average Scheme benefits whilst remaining in employment.

What do your pension benefits consist of?

Your Career Average Scheme benefits are made up of:-

- an annual pension that will be increased in active service each year by Jersey RPI+1% (subject to the Scheme's ability to pay), and
- the option to commute part of your pension for a Tax Free lump sum

How is your pension calculated?

Under Career Average Scheme each member will have a pension record and in each scheme year a proportion of that year's earnings will be added to that pension record.

The current rate at which you will build up pension in each scheme year is 1/66th of the amount of that years pensionable earnings (and any notional pensionable earnings) you are paid, whether or not it is earned in that scheme year. The accrual rate of 1/66th maybe subject to change following an actuarial valuation.

If, during the scheme year, you were:-

- due to ill health, on reduced or no pay,
- on maternity or adoption leave, or
- your salary had been reduced other than by agreement, but you continued to pay contributions as if the salary had not been reduced,

your pension will be based on what we call your "Notional Pensionable Earnings". This is explained in detail in the glossary at the back of the booklet, but will typically mean the amount you were paid before the salary was reduced or stopped.

The amount of pension built up during the scheme year is then added to your pension record. The total of your accrued pension is then revalued annually at the end of the following year by the Jersey all items Retail Prices Index + 1% (subject to the Scheme's ability to pay).

If you are paying AVCs then the amount of pension you receive each scheme year from these payments will be added to your pension record and will be included in the revaluation.

If you transferred in a pension from another pension provider, the amount of pension that the transfer purchases will be added to your pension record in the scheme year in which the transfer value is received, and revalued accordingly.

At the beginning of each scheme year your pension record will have an opening balance; the opening balance shows the total value of the pension you have built up to the end of the previous

year. At the end of each scheme year that opening balance is revalued. The aim of revaluation is to maintain the value of your pension in line with the rate of inflation.

The revalued opening balance and the amount of pension that you build up in the scheme year are added together to create the closing balance for that year. The closing balance then becomes the opening balance for the following scheme year.

How is my pension worked out - an example:

Below is an example of a pension record for a member with 5 years' service in the Scheme.

Let's assume that the member joined on 1 January 2016, pensionable earnings are £26,400 in scheme year 1 and pensionable earnings increase by 1% each year. Let's also assume that the Jersey all Items Retail Prices Index +1% (the revaluation adjustment) is 3.5% each year.

Scheme Year	Opening Balance	Pension built up in scheme year	Revalued opening balance	Closing balance
1 – 2016	£0.00	$£26,400 \div 66 =$ £400	$£0.00 \times 3.5\% = £0.00$ (£0.00)	$£0.00 + £400$ = £400
2 – 2017	£400	$£26,664 \div 66 =$ £404	$£400 \times 3.5\% = £14$ $£400 + £14 =$ £414	$£414 + £404$ = £818
3 – 2018	£818	$£26,930.64 \div 66$ = £408.04	$£818 \times 3.5\% = £28.63$ $£818 + £28.63 =$ £846.63	$£846.63 + £408.04$ = £1,254.67
4 – 2019	£1,254.67	$£27,199.95 \div 66$ = £412.12	$£1,254.67 \times 3.5\% = £43.91$ $£1,254.67 + £43.91 =$ £1,298.58	$£1,298.58 + £412.12$ = £1,710.70
5 – 2020	£1,710.10	$£27,471.95 \div 66$ = £416.24	$£1,710.70 \times 3.5\% = £59.87$ $£1,710.70 + £59.87 =$ £1,770.57	$£1,770.57 + £416.24$ = £2,186.81

Please note: If you retire from active service, or die, in the middle of a month benefits will not be payable until we have received and recorded all of your pensionable earnings for that month. This will mean that your pension or a survivor pension will not be payable until the end of the following month. Your first pension payment will include backdated pension to the date at which you initially retired.

If you receive any further pensionable earnings after your pension record has been closed, your pension record will be adjusted to take account of the additional accrued pension from those earnings. Any lump sum taken will not be adjusted.

All benefits will be paid monthly and can only be paid into your bank account. A pension has to be paid into the members account to whom the pension relates.

Small Pensions for members over age 60

If the total value of your pension at retirement is less than £35,000 and you are age 60 or over, you have the option to take this as a one off lump sum.

To receive your pension as a one off lump sum, 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 £35,000.

The lump sum is taxable; 70% being taxed at half the standard income tax rate. Members choosing this option are reminded that no further liability for 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.

What if I am paying Additional Voluntary Contributions?

If you are purchasing additional pension through AVCs, your pension on retirement will include the additional amount of pension purchased, including any revaluation increases that the additional pension attracted from commencement until the date payment ceased.

If you choose to retire early and draw your benefits before your Normal Pension Age, your additional pension will be actuarially reduced for early payment along with your normal pension.

If you retire after your Normal Pension Age, the amount of extra pension you have bought will be actuarially increased to take into account the fact that it is being paid later.

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 your 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.

Converting some of your pension into a lump sum

Can I take a lump sum at retirement?

When you draw your pension you will be able to take up to 30% of your benefits as a one off tax free lump sum. Every £1 of pension that you commute you will receive £13.50.

How is a lump sum taken at retirement worked out - an example:

If you have an annual pension of £10,000 (£833.33 per month) and you commute 30%, your lump sum will be $£10,000 \times 30\% = £3,000 \times £13.50 = \mathbf{£40,500}$.

After you have taken a lump sum your residual annual pension will be calculated as follows:

Starting pension of £10,000 – £3,000 (amount commuted for lump sum) gives a residual annual pension of **£7,000** (£583.33 per month).

An option to take a lump sum has to be made in writing before your benefits are paid. To ensure that you have sufficient time to decide it is important to contact the Pensions Team in advance of your intended retirement date for more details. You will only be able to take one lump sum payment and the amount of pension that you have commuted into a lump sum cannot be changed once the pension is in payment.

Can I take a Lump Sum whilst remaining in employment?

You will have the option, within 10 years of Normal Pension Age for ordinary members or within 5 years of Normal Pension Age for uniformed members, to request a one off lump sum whilst remaining in employment. Similar to taking a lump sum at retirement, you will be able to commute up to 30% of the pension accrued up to the date of the request.

For every £1 of pension that you commute you will receive £13.50. As you are receiving the lump sum early, and before you retire, it will be subject to an actuarial reduction.

How is a lump sum taken in employment is worked out - an example

Below is an example of an ordinary member who has requested a lump sum in employment 7 years before their Normal Pension Age.

Assume that the member's accrued pension is £10,000 and they want to take the full 30% as a lump sum. Also assume that the actuarial reduction is 3.5% for each year the lump sum is taken early.

A lump sum of 30% from an accrued pension of £10,000 (£833.33 per month) would be:

$£10,000 \times 30\% = £3,000 \times £13.50 = \mathbf{£40,500}$.

After taking the lump sum the residual accrued pension would be £10,000 – £3,000 (amount commuted for lump sum) = **£7,000** (£583.33 per month).

The amount of lump sum the member would receive, following the actuarial reduction for taking the lump sum early, would be as follows:

- Assumed actuarial reduction: $3.5\% \times 7 \text{ years} = 24.5\%$
- Lump Sum Reduction: $£40,500 \times 24.5\% = £9,922.50$
- Remaining lump sum following actuarial reduction: £30,577.50

Please Note: If you have transferred in benefits from which you have previously taken a lump sum you will not be allowed a further lump sum on those benefits. You will only be able to take a lump sum on the benefits you accrued as an active member.

All lump sums have 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.

Ill Health Pension

For further information on the procedure and process for Ill Health Retirement, please see the Ill Health Retirement leaflet available on the website.

What happens if I have to retire early due to permanent ill health?

If you have to leave work due to illness or injury you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits you must have at least 2 years' service in the Scheme and your employer, on an opinion from an Independent Occupational Health Advisor as appointed by the States Employment Board, must be satisfied that:

- you are unlikely to be able to perform your current duties due to your ill health or injury; and
- you meet the criteria for one of the categories of ill health pension as stated below.

Ill health benefits can be paid at any age and are not reduced on account of early payment – in fact, your benefits could be increased to make up for your early retirement dependent on the level of ill health pension you have been awarded.

There are 2 categories of ill health pension, Un-enhanced and Enhanced as explained below:-

- **Un-enhanced Ill Health Pension**, If your employer is satisfied that you are unlikely to be capable of performing your current duties due to your ill health or injury but you are capable of undertaking any other employment before your Normal Pension Age, your ill health benefits will be based on the pension you have built up at your date of retirement.

- **Enhanced Ill Health Pension**, If your employer is satisfied that you are unlikely to be capable of performing your current duties due to your ill health or injury and you are unlikely to be capable of undertaking any employment before your Normal Pension Age, your ill health benefits will be based on the pension you have built up at your date of retirement and may include additional pension based on your length of service in the Scheme, as set out below.

The level of enhancement for an enhanced ill health pension is as follows.

- If your service in the Scheme is less than 5 years you will not receive an enhancement.
- If your service in the Scheme is between 5 and 10 years your service will be doubled.
- If your service in the Scheme is between 10 years and 13 and $\frac{1}{3}$ years then your service will be increased to 20 years
- If your service in the Scheme is more than 13 and $\frac{1}{3}$ years you will receive an additional 6 and $\frac{2}{3}$ years' service.

All enhancements will be capped at the service you would have been built up had you stayed in scheme employment until your Normal Pension Age. For example, if you have a Normal Pension Age of 67, you are awarded an enhanced ill health retirement at age 59 and you have 10 years' service, you will only receive an enhancement of 8 years instead of the 10 years that would be allowed due to your length of pensionable service. This is due to the 10 year enhancement taking your total service past your Normal Pension Age.

Please note: The Committee of Management reserve the right to review any ill health retirement case and, where appropriate, may request a member who is receiving an ill health retirement pension to undergo further medical examinations to ensure that they still meet the criteria of their ill health pension. All further medical examinations will be performed with an independent medical advisor appointed by the Committee of Management.

Where the member refuses to undergo an examination, the Committee have the authority under the Regulations to withhold some or all of the member's pension.

Serious Ill Health Commutation

If you have undergone a medical examination for ill health retirement and the Independent Occupational Health Advisor has stated in their report that you have less than one year to live, you will be offered the option to commute your entire accrued pension including any enhancement for a tax free lump sum.

If you opt to commute your pension you will be offered 30% of accrued pension at £13.50 for every £1 given up and for the remaining 70% you will receive £5 for every £1 of pension.

If you opt to commute your entire accrued pension, it will not prohibit any survivor pension from being paid to a surviving partner, dependant or child in the event of your death.

Transferring pension rights into the Career Average Scheme

If you are considering transferring your benefits from a UK public service pension scheme, please contact the Pensions Team. The Cabinet Officer have agreed that the Career Average Scheme is within the Public Sector Transfer Inner Club

How do I transfer?

Before considering transferring any benefits into the Scheme (other than Final Salary Scheme benefits, which cannot be transferred into the Career Average Scheme under any circumstance) we recommend you seek independent financial advice on any proposed transfer, so you understand the implications of transferring from your previous arrangement.

To begin the transfer process, you should contact the Pensions Team for further information on transferring pension from a previous employer or scheme into the Career Average Scheme, or you can visit our webpages on www.gov.je/yourpension and download an enquiry form to obtain a transfer value. Once you have completed this form you will need to send it to the Pensions Team who will process it for you.

Please note: To be able to take advantage of transferring under the Public Sector Transfer Club rules the Pensions Team must receive, within 12 months of you becoming eligible to join or re-join the Career Average Scheme, written confirmation that you wish to proceed with your transfer under the Public Sector Transfer Club rules. (See below).

If you are not transferring your pension through the Public Sector Transfer Club you can make the request at any time after joining the Career Average Scheme.

If you wish to transfer your pension rights from a UK Public Sector Pension scheme where Club Transfer Rules apply

To ensure your benefits are transferred under the Public Sector Transfer Club rules, the Pension Team must receive your completed and signed Transfer documentation within 12 months of you becoming eligible to join. If you wish to Transfer in your benefits please notify the Pensions Department without delay to begin the process. **If you do not return the Transfer forms within the 12 month time limit that you wish for the transfer to proceed, your benefits will be transferred in on a non-Club basis and you may receive a lesser amount of pension as a result.**

The Public Sector Transfer Club is split into the Inner Club and the Outer Club. The Inner Club refers to transfers of CARE benefits between Public Sector Schemes that operate on a CARE basis. The Outer Club refers to transfers of Final Salary benefits between Club schemes that operate on a Final Salary basis.

If you transfer Final Salary benefits under the Public Sector Transfer Club rules the benefits you will receive will be based on the Government of Jersey's closed Final Salary Scheme called the Public Employees Contributory Retirement Scheme. Final salary benefits will be converted into

added years and days and linked to your final salary on leaving scheme employment, either through retirement or by other means.

The Inner Club refers to transfers of CARE benefits between Public Sector Schemes that operate on a CARE basis. If you transfer in CARE benefits under the Public Sector Transfer Club rules, the Career Average Scheme will undertake to revalue those transferred in benefits in accordance with PSTC rules. Where CARE benefits transferred from a scheme with a revaluation rate linked to the UK Consumer Prices Index those benefits will be revalued by a revaluation rate linked to Jersey RPI whilst in Career Average Scheme.

Transferring Scheme	Revaluation rate in transferring Scheme	Revaluation rate to be applied for CARE benefits transferred into PEPS
Local Government Pension Scheme	UK CPI	Jersey RPI
Principle Civil Service Pension Scheme	UK CPI	Jersey RPI
Police Pension Scheme	UK CPI + 1.25%	Jersey RPI + 1.25%
NHS Pension Scheme	UK CPI + 1.5%	Jersey RPI + 1.5%
Teachers' Pension Scheme	UK CPI + 1.6%	Jersey RPI + 1.6%

If you are transferring in from the Firefighters Pension Scheme in the UK you will need to contact the Pensions Team if you wish to discuss the revaluation rate to be applied for the CARE benefits you would be transferring into the Career Average Scheme.

Please note: If you have a break of more than 5 years between leaving your previous Public Sector Scheme and joining the Career Average Scheme your transfer may not be dealt with under Club rules.

For further information on whether you can transfer your previous schemes benefits through the Public Sector Transfer Club, please contact the Pensions Team.

If you have pension rights from a personal pension scheme or a previous occupational pension scheme

If you opt to transfer pension rights from a personal pension scheme or a previous occupation pension scheme then a sum of money called a transfer value is offered to buy an amount of additional pension which is added to your pension record. If you transfer your previous pension rights into the Career Average Scheme your retirement benefits under the Career Average Scheme will increase. The additional pension is added to your pension record in the scheme year that the transfer payment is received.

Pension transfer general information

Any request you make to investigate a transfer will not be binding until you have been supplied with full details of the amount of extra pension the transfer payment will buy and you

subsequently confirm that you wish the transfer to go ahead. Transfer quotations provided by a former pension provider are guaranteed for 3 months.

The Career Average Scheme (like many other pension schemes) reserves the right to revise (increase or decrease) a transfer value which has been found to be incorrect.

You will need to carefully consider whether to transfer or not, as a transfer may not always be advantageous. For example, you should compare the amount of extra pension the transfer payment will buy in the Career Average Scheme, when that pension is normally payable from (i.e. your Normal Pension Age) and the other Career Average Scheme benefits (e.g. the ability to retire and draw benefits earlier than Normal Pension Age, death and survivor benefits, etc.) against the value of the package of benefits your previous pension scheme provides. Transfers from public sector schemes are treated differently if transferred in under Club transfer rules - see **“If you have pension rights from a UK Public Sector Pension scheme where Club Transfer Rules apply”** above for more information on this type of transfer.

Transferring your pension rights is not always an easy decision to make, and you may wish to seek the help of an independent financial adviser.

Please note: If you transfer in benefits and then take a lump sum in employment in the same year this could affect the amount of revaluation that you receive on your opening balance.

If you have previous pension in the Final Salary Scheme

If you have deferred benefits in Final Salary Scheme you will not be able to transfer those benefits into the Career Average Scheme. The benefits will be preserved in Final Salary Scheme until you become eligible to draw them.

Transferred in Final Salary benefits

How are benefits worked out?

If you have transferred in any final salary benefits under the Public Sector Transfer Club rules, the benefits you will receive will be based on the Final Salary Scheme’s New Members Regulations 1989.

Your benefits from your transfer in will be based on an accrual rate of 1/80th and the final salary will be calculated as the salary received in the best 365 successive days in the last 3 years of employment at the time of your retirement or leaving scheme employment.

You will also have the option to commute up to 30% of your transferred in final salary benefits for a lump sum at retirement. For every £1 of pension that you give up you will be given £13.50 in lump sum.

Any pensionable service connected with a transfer-in of final salary benefits will be recognised for the benefits under Career Average Scheme.

When can I receive my transferred in Final Salary benefits?

You will be able to draw your final salary benefits from the Normal Retirement Age as stated in the New Members Regulations, which is age 65 if you are an ordinary member or age 55 if you are a uniformed member (though, if you are employed as a prison officer you will be able to defer payment of your transferred in Final Salary Scheme benefits from after age 55 up to age 60)

If you are an ordinary member you may choose to take your pension before your Normal Retirement Age, though you would have to leave employment. Unlike deferred benefits, you cannot draw your transferred in final salary benefits early and remain in employment.

If you choose to receive the final salary benefits you transferred in before your Normal Retirement Age then you will face a reduction of 2.4% for each year you retire early, up to a maximum 12% reduction.

For example:

Your normal pension age is 65 and you decide to retire and take receipt of your final salary benefits at age 61. As you are retiring 4 years early you will receive a 2.4% reduction for each year, which means that your benefits will be reduced by 9.6%.

If your annual pension was £10,000 (£833.33 per month) your reduction would be £10,000 x 9.6% = £960. Leaving you with an annual pension of £9,040 (£753.33 per month)

If you are a uniformed member you cannot request payment of your benefits before age 55.

Normal Pension Age is the term used for the age under Career Average Scheme at which you can receive payment of your pension unreduced

Normal Retirement Age is the term used for the age under Final Salary Scheme at which you can receive payment of your pension unreduced

If the Normal Pension Age under the Career Average Scheme is greater than the your Normal Retirement Age under the Final Salary Scheme, you can choose to receive your transferred in benefits at your Final Salary Scheme Normal Retirement Age, remain in employment and continue to accrue further pension in Career Average Scheme until you choose to leave employment or retire.

Leave of Absence and the Career Average Scheme

What happens if I am on sick leave?

If you are off work due to sickness, your benefits will continue to build up as if you were working normally and receiving your full pensionable earnings, and you will continue to pay contributions on any pensionable earnings that you are paid over the period of sick leave. If you go into a period of unpaid sick leave you will not have to pay any additional contributions and your benefits will continue building up at their full rate.

The benefits you build up over your period of sick leave is based on your full pensionable earnings. Where you have taken a reduction in your earnings, or where your pay has stopped, the amount of benefits that you would build up is based on Notional Pensionable Earnings – explained in the Glossary at the end of this booklet, but typically amounting to what you were earning before pay was reduced or stopped.

Using “Notional Pensionable Earnings” to calculate your entitlements will make up for fact that you would not be paying contributions out of your ordinary salary. This will mean that you will continue to build up your benefits in the Career Average Scheme as if you were working normally and receiving your full pensionable earnings.

If we use your “Notional Pensionable Earnings” it will be based on your current employment only. “Notional Pensionable Earnings” will be calculated using the earnings of your most recent period of pensionable employment.

What happens if I am on maternity, adoption or paternity leave?

During any period of maternity, adoption or paternity leave where you are being paid pensionable earnings you will continue to build up your pension as if you were still working and receiving full pay.

Please note: the following is based on the Government of Jersey maternity, adoption or paternity policies. If you work for an Admitted Employer you will need to contact your local HR department regarding your entitlement during your maternity, adoption or paternity leave as they may differ from what is stated in this booklet.

➤ Maternity, Adoption and Paternity Leave at full pay

In the first 2 weeks of your maternity or adoption leave and on any paid paternity leave you will receive 100% of your pensionable earnings and as a result you will continue to build up pension as normal and your contributions will not change.

➤ Maternity and Adoption Leave at 90% pay

If you are a permanent employee with more than 12 months service or if you have a fixed term contract with more than 12 months to run on your return from Maternity Leave then you will receive 90% of your pay for the next 10 weeks. Where your pay has been reduced to 90% of your normal pensionable pay, you and your employer will have to pay contributions based on 100% of your pensionable pay.

➤ Maternity and Adoption Leave at no pay

During any period of maternity or adoption leave there will be a period where you will not be paid (i.e. any period of such leave beyond the 10 weeks where you are paid 90% of salary) you can request that you and your employer continue to pay contributions for this period.

➤ Paternity Leave at no pay

Where you have worked for the Government of Jersey for less than 1 year at the end of the week of being notified of being 'officially matched' in the case of adoption or where you have worked for the Government of Jersey for less than 1 year in the week preceding the 15th week before the child's due date, you are entitled to 2 weeks unpaid paternity leave.

If you are going on a period of unpaid paternity leave you can request for that period to remain pensionable. Where you have requested your period of no pay to remain pensionable you and your employer will be required to pay contributions based on 100% of the earnings that you would have earned had you remained in work.

➤ Any request for unpaid leave to be made pensionable must be made in advance.

Where you have made such a request, you and your employer will be required to pay contributions based on 100% of the earnings that you would have earned had you returned to work and were receiving 100% of your earnings.

Your personal contributions for the unpaid period of maternity or adoption leave are deducted from the paid element of the maternity or adoption leave along with the employees and employers normal contributions.

Where your pensionable earnings have been reduced or you are no longer receiving pensionable earnings, we would use notional pensionable earnings to calculate the amount of pension that you would receive. Using notional pensionable earnings will make up for the pensionable earnings you are not receiving which means that you will continue to build up your benefits in the Career Average Scheme as if you were working normally.

The contributions for the unpaid paternity period of leave can either be deducted from any pensionable earnings before you go on paternity leave or be split by paying 50% through the pay received whilst on leave and 50% on returning from leave.

Where you are no longer receiving pensionable earnings, we would use notional pensionable earnings to calculate the amount of pension that you would receive.

What happens if I am granted unpaid leave of absence or if I am on strike?

If you are granted an unpaid leave of absence, or you are absent for a day or more due to a trade dispute, the period will not count for pension purposes. Also, you cannot opt for you and your employer to pay contributions to make up for the loss of pensionable salary received. Time spent on unpaid leave of absence or on trade disputes will not affect any eligibility criteria for payment of survivor or ill health benefits.

Changing Employment Category

If you are employed in the Government of Jersey or an Admitted Body and you are considering changing employment from a uniformed member of the Scheme to an ordinary member of the Scheme or vice versa there are implications to your pension benefits.

Moving from being a uniformed member to being an ordinary member

If you are currently a uniformed member and you are moving into an ordinary position the benefits that relate to your uniformed member position will become deferred and will be payable at age 60 or from age 55 subject to an actuarial reduction.

There are various provisions where your entitlements are affected by how long you have been a member of the Career Average Scheme, particularly as regards Ill Health Benefits. Your pensionable service as a uniformed member will count for these purposes. For example:

- Ten years of service as a uniformed member.
- Change to being an ordinary member for five years.
- For the purpose of Ill Health Benefits, it is as if you had been an ordinary member for fifteen years.

Moving from being an ordinary member to a uniformed member

If you are currently an ordinary member and you are moving into a uniformed member position the benefits that relate to your ordinary benefits will become deferred and will become payable at the Normal Pension Age of an ordinary member or up to 10 years earlier subject to an actuarial reduction.

There are various provisions where your entitlements are affected by how long you have been a member of the Career Average Scheme, particularly as regards Ill Health Benefits. Your pensionable service as an ordinary member will count for these purposes. For example:

- Ten years of service as an ordinary member.
- Change to being a uniformed member for five years.
- For the purpose of Ill Health Benefits, it is as if you had been a uniformed member for fifteen years.

Please Note: You cannot transfer your deferred pension into your active pension record when you change your scheme category in employment.

Revaluation and pension increases

Following the change in your employment category, your deferred pension will now be increased by Jersey RPI, whilst your pension in active service will continue to increase by Jersey RPI+1%. All increases are subject to the Scheme's ability to pay and your benefits may be increased by a lower rate if the pension fund is in deficit.

Leaving Employment before Retirement

If you leave employment before retirement and before completing 5 years' service as a member of the Career Average Scheme, there are three options available to you.

- you will normally be able to claim a refund of your contributions, less a 10% deduction for tax. You will not be entitled to receive any of the employer's contributions paid in respect of your service.
- you may be able to transfer your benefits to a new pension arrangement, or
- you can choose to keep your benefits in the Career Average Scheme. These are known as deferred benefits and will increase every year in line with the all items Jersey Retail Prices Index (subject to the Scheme's ability to pay).

If you leave employment after completing 5 years or more service then you will not be eligible for a refund of contributions. You will remain eligible to transfer your benefits or retain them in Career Average Scheme as deferred benefits.

Please Note: if you leave employment and subsequently return to pensionable employment in the same category (Ordinary to Ordinary or Uniformed to Uniformed), we will re-open your deferred record and use it for your new active pensionable employment. This will mean that you will lose your right to any leaver benefits on the previously deferred pension record as you will now be building up benefits on that record under your new employment.

Does the 5 years apply to time spent as both a uniformed and an ordinary member?

If you have changed from being a uniformed member to an ordinary member (or vice versa) whilst remaining in scheme employment, then the 5 year rule applies to the entirety of your employment.

How does the 5 year limit apply if I have different periods of scheme employment?

If you re-join the Scheme as the same type of member (i.e. if you had been a uniformed member before and become one again, or if you had been an ordinary member and become one again), then it is treated for this purpose as one continuous period of service.

For example, if you had previously worked for 4 years as a uniformed member of the Career Average Scheme, left and deferred your benefits, on a return to uniformed service the 4 years

pensionable service built up in your previous employment will be added to your current service. So if you work for longer than 1 year, creating 5 or more years' service, you will lose your right to a refund of contributions. If you return as an ordinary member, then your service will reset and it would take five years until the right to receive contributions on leaving service ceases.

Deferred benefits

What will happen to my benefits if I choose to defer them?

A deferred benefit is the amount of pension that you have built up in your active member record up to the date you leave employment. Your deferred benefits are retained in the Scheme until you either decide to transfer them to another pension scheme, request a refund of contributions (if you have less than 5 years' service) or wait for the deferred benefits to become payable as a pension.

Your deferred benefits consist of an annual pension, payable throughout your retirement, with an option on retirement to exchange some pension for a one off tax-free lump sum.

How are deferred benefits worked out?

Your deferred pension is the value of the pension you built up whilst an active member of the Scheme.

When you draw your deferred benefits you will be given the option to commute up to 30% of your annual pension for a one off tax-free lump sum. You receive £13.50 lump sum for each £1 of annual pension.

How do deferred benefits keep their value?

The aim of the scheme is to your deferred benefits every year in line with the all items Jersey Retail Prices Index. Once your deferred benefits are in payment the scheme aim is to continue to pay annual increases. All increases are subject to the Scheme's ability to pay.

When are deferred benefits paid?

As an ordinary member of the Scheme your deferred benefits would be payable from your Normal Pension Age, which will be linked to the Jersey island wide State Pension Age which is due to rise from age 65 to age 67, phased in over the period from 2020 to 2031.

A uniformed members deferred pension is payable from your Normal Pension Age of 60.

Your deferred benefits can also be paid earlier than your Normal Pension Age if you choose. As an ordinary member this would be up to 10 years before your Normal Pension Age and for a uniformed member this would be from age 55.

If you choose to take your deferred benefits before your Normal Pension Age your benefits will be reduced to take account of them being paid earlier and for longer. The amount of reduction will be based on guidance supplied by the Scheme Actuary. It is important to contact the Pensions Team in advance of your intended retirement date so that they can provide you with more details.

What will happen if I die before receiving my deferred benefits?

If you are entitled to a deferred pension and die before payment commences, the following will apply:

➤ A survivor's pension.

A survivor pension will be paid to a surviving partner or to a dependant. A surviving partner would be your spouse, registered civil partner or, subject to certain qualifying conditions, your co-habiting partner. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the all items Jersey Retail Prices Index (subject to the Scheme's ability to pay).

A survivor pension is equal to one-half of your deferred pension calculated when you left the Scheme, including pension increases up to the date of your death. If you do not leave a surviving partner this pension will be payable to a dependant. If there is more than one dependant, the pension will be distributed between them in accordance with the Scheme Regulations.

If your surviving partner is younger than you by more than 20 years then the surviving partner pension will face a reduction. The reduction to the survivor's pension will be 2.5% for each year by which the survivor's age is over 20 years less than that of your age at the date of your death up to a maximum reduction of 50%.

An example is as follows:

A member aged 50 dies leaving a surviving partner aged 20. As the surviving partner is 30 years younger than the member the survivor pension would face a reduction of 25%. This is due to the age gap between the member and the spouse being 10 years over the 20 year limit and as a result the 10 years attracts a 2.5% reduction per year.

➤ Children's pension

A pension will be payable equal to one-half of the survivor pension for each child up to a maximum of two children, where there are more than two children then an amount equal to a survivor pension will be split evenly among each child. The child's pension will be doubled if there is no surviving partner.

Where a survivor has had their pension reduced to take account of them being 20 or more years younger than the deceased member, the child's pension will be based on the reduced survivor pension.

What happens to my deferred benefits if I return as an active member?

If you leave the Career Average Scheme as an ordinary member and return as an ordinary member, or leave as a uniformed member and return as a uniformed member, and you previously deferred your benefits, on returning to service your deferred benefits will automatically be merged with your new active member pension record. This means that it is treated as one continuous period of service.

However, if you left as an ordinary member and returned as a uniformed member, or left as a uniformed member and returned as an ordinary member, and you previously deferred your benefits, on returning to service your benefits would remain deferred and would become payable either in accordance with your previous membership status.

If you have deferred benefits in the Final Salary Scheme built up before 1st January 2016, you will not be able to transfer them or merge them into the Career Average Scheme. They will only be payable in accordance with the Final Salary Scheme Regulations to which they relate. For further information, please see our leaflet on 'Re-Employment of Former Members'.

Conversion of deferred benefits in to a one off lump sum

If the total value of your deferred benefits is less than £19,000, you may have the option to take your benefits as a one off lump sum.

In order to commute your deferred benefit into a one off lump sum up to the value of £19,000, there are 4 conditions that have to be met.

1. you **must not** have commenced drawing any of your deferred pension;
2. your employer **must not** be making any contributions on the member's behalf to another approved Jersey scheme;
3. The capital value of your deferred benefits **must not** exceed £19,000; and
4. Your deferred pension **must not** include a Transfer In from another pension scheme.

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.

Please note: from January 2023 all deferred commutation payments will have 20% tax deducted at source. If you had a quotation before 1 January 2023, which does not show the 20% tax deduction, the tax will be deducted on payment if that payment is made on or after 1 January 2023.

If you have any potential survivor beneficiaries (spouse, civil partner, dependant 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.

Refund of contributions

How is a refund of contributions worked out?

If you leave the Scheme before completing 5 years' service you can choose a refund of contributions. A refund of contributions will include:

- any pension contributions you have paid, and
- any AVCs you have paid.

A refund of contributions will have a deduction of 10% for tax purposes to take account of any tax relief gained when the contributions were paid into the Scheme. Where a refund of contributions has been made from the Scheme in respect of your benefits in Career Average Scheme, you will lose your entitlement to any further benefits from the Scheme and so would any person who might receive benefits from the Scheme should you die.

If you have transferred in pension from a UK transferring arrangement on which you cannot receive a refund, you will need to contact the Pensions Team to enquire as to what contributions you will receive.

Please Note: There will be no interest payable on a refund of contributions.

Transfer out

Where you are considering transferring your benefits out of the Career Average Scheme, we recommend you seek independent financial, so you understand the implications of transferring to a new arrangement and what this means for you

Where can I transfer my pension to?

If you are joining another pension arrangement, you may wish to consider transferring your PEPS benefits to it.

You may be entitled to transfer your benefits to another pension scheme approved under the Income Tax (Jersey) Law 1961 as amended. If the employer is a member of the UK Public Sector Transfer Club arrangements, then you have up to a year from the date you become eligible to join the employer's scheme to request a transfer estimate and agree to the transfer proceeding.

If your new employer is not a member of the UK Public Sector Transfer Club you may still be entitled to a Non-Club transfer. In either situation you are strongly advised to speak with your prospective employer about your transfer options.

Where a transfer has been made from the Fund in respect of your benefits in Career Average Scheme, you will lose your entitlement to any further benefits from the Scheme and so would any person who might receive benefits from the Scheme should you die.

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 arising as a result of the COVID-19 pandemic which mean that the practice is altered. We will keep the situation under close review.

Protection for your family

What benefits will be paid if I die in service?

➤ Death in Service Lump Sum

If you die in service as a member of the Career Average Scheme a death in service lump sum of three times your pensionable earnings is paid at your date of death, no matter how long you have been a member of the Career Average Scheme.

The lump sum to be paid will be calculated by using your pensionable earnings, earned over the best 365 consecutive days in the 3 years prior to the date of death. If you have been employed for less than 3 years then it will be the best 365 days period of your employment and where you have been employed for less than a year the pensionable earnings you have received over that period will be made up to a full year's equivalent pay.

To ensure that the lump sum is paid to the correct individual of your choice, you will need to complete an **Expression of Wish form**. This form will enable us to know to whom to pay the lump sum and in what proportions.

Where no nomination has been made the Committee of Management, who govern the administration of the Scheme, will determine who should receive the lump sum. Where there is no nomination, the lump sum will usually be paid to your surviving partner, where there is no surviving partner to a surviving child, where there are no surviving children to a surviving dependent and if there is no surviving dependant it will be paid into your estate.

If the Committee of Management has not made a decision on whom to pay the lump sum within two years from the date of your death, the lump sum will be paid into your estate.

Please Note: An Expression of Wish form is not binding on the Committee of Management. In the event your circumstances have changed and you have not updated your Expression of Wish the Committee of Management retain the discretion to determine who to pay the death in service lump sum to and, if there is more than one nominee, in what proportions.

➤ A survivor's pension.

A survivor pension is paid to a surviving partner or to a dependant. A surviving partner would be your spouse, registered civil partner or, subject to certain qualifying conditions, your co-habiting partner. After your death this pension is paid to the survivor(s) for the remainder of their life and the Scheme's aim is to increase this pension each year in line with the Jersey Retail Prices Index (RPI) (subject to the Scheme's ability to pay).

A survivor pension is equal to one-half of the pension you built up at the date of your death and one half of the pension you could have built up had you remained in employment to your Normal Pension Age (NPA), calculated using your notional pensionable earnings at the date of your death.

If you chose to take a lump sum payment whilst in employment this will not be taken into account in the calculation of the survivor pension.

If your surviving partner is younger than you by more than 20 years then the surviving partner pension will face a reduction. Reduction to the survivor's pension will be 2.5% for each year by which the survivor's age exceeds your age by more than 20 years at the date of your death.

An example is as follows

A member aged 50 dies leaving a surviving partner aged 20. As the surviving partner is 30 years younger than the member the survivor pension would face a reduction of 25%. This is due to the age gap between the member and the spouse being 10 years over the 20 year limit and as a result the 10 years attracts a 2.5% reduction per year.

➤ Children's pension

A pension will be payable equal to one-half of the survivor pension for each child up to a maximum of two children, where there are more than two children the survivor's pension will be split evenly between each child. The child's pension will be doubled if there is no surviving partner or dependant. A child's pension is payable up to age 18 or, if they remain in fulltime education, up to their 23rd birthday

Where a survivor has had their pension reduced to take account of them being 20 or more years younger than the deceased member, the child's pension will be based on the reduced survivor pension.

What benefits will be paid if I die after retiring on pension?

If you die after retiring on pension, your benefits will no longer be payable. Your surviving partner, next-of-kin or person dealing with your Estate must immediately inform the Pensions Team of your date of death, otherwise an overpayment could occur.

➤ A survivor's pension.

A survivor pension will be paid to a surviving partner or to a dependant. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the Jersey all items Retail Prices Index (subject to the Scheme's ability to pay).

A survivor pension is equal to one-half of your pension at the date of your death. The survivor pension will be based on your full pension entitlement disregarding any reduction due to taking a lump sum at retirement or in employment.

The reduction in survivor pension is the same as shown in the section relating to death in service is also relevant for death of a pensioner.

➤ Children's pension

The children's pension as calculated in the section relating to death in service is also relevant for death of a pensioner.

What benefits will be paid if I die leaving a deferred pension?

If you die after you have left the Scheme but you have deferred your benefits then your surviving partner or dependants and any eligible children would be entitled to survivor benefits.

➤ A survivor's pension.

A survivor pension will be paid to a surviving partner or to a dependant. This pension is payable immediately after your death for the rest of their life and will increase every year in line with the all items Jersey Retail Prices Index (subject to the Scheme's ability to pay).

A survivor pension is equal to one-half of your deferred pension calculated when you left and including any pension increases up to the date of your death. Any reduction caused by taken a lump sum in employment prior to becoming a deferred member will be disregarded in the calculation of the survivor pension.

The reduction in survivor pension as shown in the section relating to death in service is also relevant for death of a deferred pensioner.

➤ Children's pension

The children's pension as calculated in the section relating to death in service is also relevant for death of a deferred pensioner.

What conditions need to be met for a Co-habiting Partner's survivor's pension to be payable?

To be able to nominate a co-habiting partner, of either opposite or same sex, to receive a survivor's pension on your death, all of the following conditions must apply to both you and your co-habiting partner and each condition must have applied for a continuous period of at least 2 years on the date you both sign the nomination form:

- both you and your co-habiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- you and your co-habiting partner have been living together as if you were husband and wife, or civil partners, and
- neither you or your co-habiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
- either your co-habiting partner is, and has been, financially dependent on you or you are and have been financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

You can only make a nomination by completing a nomination form available from the Pensions Team and a nomination is only valid if all of the above conditions have been met for a continuous period of at least 2 years from the date on which you both sign the form.

On your death, a survivor's pension would be paid to your co-habiting partner if:

- the nomination has effect at the date of your death, and
- your co-habiting partner satisfies us that the above conditions had also been met for a continuous period of at least 2 years immediately prior to your death.

A nomination will cease to have effect if

- either you or your partner writes to the Pensions Team revoking the nomination;
- you make a further nomination, nominating a different partner;
- you or your partner marry, form a civil partnership or live with a third person as if you were married or in a civil partnership; or
- your partner dies.

Dependants Pension

A dependants pension is payable where the member has no spouse, cohabiting partner, 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. (See definition of Dependant in the Glossary of Terms below)

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.

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

Postal Address ONLY

Public Employees Pension Team
Treasury & Exchequer,
PO Box 353,
19-21 Broad Street,
St Helier,
Jersey,
JE2 3RR

Meetings and Drop Ins

Customer and Local Services
La Motte Street
St Helier
Jersey
JE4 8PE

Every Tuesday, 8:30am to 1pm.

Call or email if you wish to book a meeting.

Telephone: (01534) 440227 - **Email:** pept@gov.je - **Website:** www.gov.je/yourpension

Glossary of Terms

Accrued Pension – This is the amount of pension that you have built up as an active member of the Scheme.

Accrual Rate – This is the rate at which your pension builds up each year. For example, the accrual rate in the Career Average Scheme is 1/66th and you earn 1/66th of your annual pensionable salary as a pension in each year you are a member of the scheme.

Actuarial Enhancement – The amount your benefits would increase by, based on actuarial assumptions, in the event that you retire and receive your benefits after your Normal Pension Age

Actuarial Reduction – The amount your benefits would reduce by, based on actuarial assumptions, in the event that you retire and receive your benefits before your Normal Pension Age.

Actuarial Assumptions – The various estimates (including assumptions related to changes in longevity, salaries, inflation, returns on assets, etc.) used by the actuary for the actuarial valuation.

Active Member – You are an active member of the Scheme whilst you remain in pensionable employment.

Active Service – This is the period of employment in which you are an Active Member of the Scheme

Admitted Body Employers – An Admitted Body is an employer, other than the States Employment Board, who, by agreement with the States Employment Board and the Chief Minister, allows their employees to become members of the pension scheme. A list of admitted body employers can be found in Appendix A at the end of this document.

Benefit Statement – A statement of the benefits accrued in the Scheme up to the end of the year prior to the statement being produced.

Career Average Revalued Earnings – A scheme where the pension benefits earned for a year depend on your earnings in a given year.

Career Average Scheme – This is the scheme under the Public Employees' Pension Fund (PEPF) that offers benefits based on Career Average Revalued Earnings also known as the Public Employees Pension Scheme.

Cash Equivalent Transfer Value (CETV) – A CETV is a monetary amount which represents the expected value of providing a member's benefits within the scheme.

Civil Partner / Civil Partnership – A Civil Partnership is a relationship between two people of the same sex (civil partners) which is formed when they register as civil partners of each other.

Committee of Management - This is the Governing Body which oversees the running of the PEPF.

Commutation – This is where you can exchange some or all of your benefits for a lump sum.

Deferred Member – You are a deferred member of the Scheme where you have left pensionable employment and you have left your benefits in the Scheme.

Deferred Pension – Your pension is deferred immediately on leaving employment before being entitled to payment of a benefit from the Scheme. A deferred pension is increased annually by Jersey Retail Prices Index (subject to the Schemes ability to pay).

Deficit – where, following an actuarial valuation, the Actuary determines that the Schemes liabilities (the value of the benefits to be paid out) are greater than the assets in (or the value of) the fund. A deficit may occur for many reasons for example: where the value of the benefits to be paid out have increased due to increased longevity of the member or where there has been a poor investment performance in the fund.

Dependant – A dependant is a person who has to satisfy the Committee of Management that they were:

- financially dependent on you for the provision of all or most of the ordinary necessities of life, or
- in a mutually dependent financial relationship with you, or
- dependent on you because of a physical or mental impairment.

Eligible Child – An eligible child must, at the date of your death:

- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your step-child.

An eligible child must also meet the following requirements

- be under age 18, or
- be aged 18 or over and under 23 and in full-time education or vocational training, or
- be unable to engage in gainful employment because of physical or mental impairment and either has not reached the age of 23, or the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of their mental or physical impairment.

Employer - the definition of employer can be found in the Public Employees (Pensions) (Jersey) Law 2014.

Employee - An Employee is a person employed by an employer, who the employer certifies is either in full-time or part-time employee, and employed on a permanent or fixed-term contract of employment; or a person referred to in Article 1(2) of the Public Employees (Pensions) (Jersey) Law 2014.

Existing Members Regulations - the Existing Members Regulations (or the Public Employees (Contributory Retirement Scheme) (Existing Members) (Jersey) Regulations 1989) is part of the Final Salary Scheme which is closed to new membership. The Existing Members Regulations has an accrual rate of 1/60th for non-uniformed members and 1/45th for uniformed members and a contribution rate of 6.25%.

Final Salary Scheme - Final Salary Scheme is the Public Employees Contributory Retirement Scheme or PECRS. This scheme closed to new membership on 1st January 2016. The scheme offers benefits based on an accrual rate set in regulations, a member's pensionable service (calculated in years and days) and the member's final salary upon leaving the scheme or retiring.

Ill Health Retirement – A member would receive an ill health retirement where they are found to be incapable of performing their current duties due to ill health or injury by the independent occupational health advisor as appointed by the States Employment Board.

Inner Club – the Inner club refers to transfer of CARE scheme benefits between schemes made under the Public Services Pensions Act 2013 or such other public sector schemes whose rules are similar to those of any the schemes made under the 2013 Act.

Jersey RPI or Jersey All Items Retail Prices Index – This is a measure of inflation and like the UK Consumer Prices Index (CPI) it tracks the changing cost of a fixed basket of goods and services over time. However, unlike the CPI it takes into account items such as owner occupier housing costs. It also has a different population base for the indices from the CPI and the index is calculated in a different way

New Members Regulations - the New Members Regulations (or the Public Employees (Contributory Retirement Scheme) (New Members) (Jersey) Regulations 1989) is the only part of the Final Salary Scheme which is open to new membership up to 1st January 2016. The New Members Regulations has an accrual rate of 1/80th for non-uniformed members and 1/60th for uniformed members and a contribution rate of 5%.

Co-habiting Partner – A Co-habiting Partner is a person who you have nominated, using the appropriate form from the Pensions Team, to receive benefits in the event of your death.

For a nomination to be accepted all of the following conditions must apply to both you and your nominated co-habiting partner and each condition must have applied for a continuous period of at least 2 years on the date you both sign the nomination form:

- both you and your co-habiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and

- you and your co-habiting partner have been living together as if you were husband and wife, or civil partners, and
- neither you or your co-habiting partner have been living with someone else as if you/they were husband and wife or civil partners, and
- either your co-habiting partner is, and has been, financially dependent on you or you are and have been financially interdependent on each other.

A nomination ceases to have an effect if

- either you or your partner write to the Pensions Team to terminate the nomination.
- you make a further nomination for a different co-habiting partner,
- you or your partner either marry, form a civil partnership or live with another person as if they are you or your partners husband or wife or if they were in a civil partnership with you or your partner, or
- your partner dies.

Non-Club transfer – This is a transfer based on the cash value of the benefits you have in the scheme that you are transferring from.

Ordinary Member - means a member of the Scheme who is not a uniformed member.

Normal Pension Age – Your Normal Pension Age is the age at which you can take the benefits that you have built up without incurring an actuarial reduction or increase. Your Normal Pension Age is linked to the Jersey Island wide State Pension Age.

Notional Pensionable Earnings – Notional pensionable earnings provides a figure to ensure your pension is not affected by any reduction in pensionable earnings due to a period of sickness or injury on reduced contractual pay or no pay, or on Maternity or Adoption Leave. It is also used where benefits require an enhancement.

Notional pensionable earnings is calculated as the pensionable earnings earned over the best 365 days in the three years prior to either absent from work due to sickness, going on maternity or adoption leave, dying in service, receiving an enhanced ill health pension or paying a higher rate of contributions due to taking an involuntary reduction in salary.

If you have been employed for less than three years but more than 1 year, your notional pensionable earnings will be calculated using the earnings earned over the best 365 successive days in respect of your actual period of employment. If you have been employed for less than one year then your pensionable earnings will be prorated up to a full year.

Normal Retirement Age – Normal Retirement Age is the age under the Final Salary Scheme Regulations at which benefits must be taken by, unless a member has permission from their employer to work beyond their Normal Retirement Age.

Outer Club – The Outer Club refers to transfers of final salary benefits between Public Sector Transfer Club schemes that operate on a final salary basis.

Pension Record – A pension record is the computerised record which holds all the information relating to your pension and membership in the Scheme. The different pension records are an active member’s pension record, a deferred member’s pension record, a member retirement pension record and a survivor member’s pension record

Pensionable Allowance – A pensionable allowance is a payment or allowance that is routinely paid to you in addition to your basic salary or wages.

As with pensionable earnings below, pensionable allowances does not include any travelling or subsistence allowances, any overtime payments, any payment in respect of untaken annual leave, any payment in lieu of notice to terminate employment, the monetary value of a car or pay received in lieu of a car and any award of compensation made for the purpose of pay relating to loss of future pensionable earnings or benefits

Pensionable Earnings – Pensionable earnings are the pay you normally pay contributions on and is made up of your annual salary and any pensionable allowances that you may receive.

Pensionable earnings does not include any travelling or subsistence allowances, any overtime payments, any payment in respect of untaken annual leave, any payment in lieu of notice to terminate employment, the monetary value of a car or pay received in lieu of a car and any award of compensation made for the purpose of pay relating to loss of future pensionable earnings or benefits.

Pensioner Member – You are a pensioner member where you have retired from the Scheme and you are now in receipt of your benefits.

PEPF - The PEPF is the Public Employees Pension Fund for the Final Salary Scheme and the Career Average Scheme which provides pension benefits to public servants, excluding teachers, in Jersey. PEPF is “the Fund” as defined under Article 5 of the Public Employees (Pension) (Jersey) Law 2014. The PEPF covers the benefits provided by the Final Salary Scheme and the benefits provided by the Career Average Scheme.

PEPT (or Pensions Team) – The PEPT (or Pensions Team) is the Public Employees Pension Team who administer all public sector pensions scheme for all public employees who are members of those schemes.

Public Sector Transfer Club – A group of some 120 salary related occupational pension schemes. It allows easier movement of staff mainly within the public sector. It does this by making sure that employees receive broadly equivalent credits when they transfer their pensionable service to their new scheme regardless of any increase in salary when they move to their new employment

Revaluation – Revaluation is the process of increasing your accrued pension in active service at the end of every scheme year by Jersey RPI +1%. No matter what the funding level of the Scheme is Revaluation is guaranteed at 50% of Jersey RPI+1%.

Scheme Actuary – The person or entity whose responsibility, as a minimum, is to evaluate present and future pension liabilities in order to determine the financial condition of the pension fund, following recognised actuarial methods.

Scheme employment – Scheme employment is the employment in which you are eligible to be an active member of the Scheme and you would pay contributions on any earnings received in conjunction with that employment.

Scheme Year – A scheme year is a period 12 months beginning on 1st January and ending on 31st December.

State Pension Age – This is the earliest age that you can receive your Jersey Social Security pension. The State Pension Age is due to increase to age 67 for all people born after 1st January 1955, with the increases being phased in over the period 2020 to 2031.

The following chart shows how these increases could affect you.

Date of birth	Normal Pension Age
1 Jan 1955 to 31 Oct 1955	65 years and 2 months
1 Nov 1955 to 31 Aug 1956	65 years and 4 months
1 Sep 1956 to 30 Jun 1957	65 years and 6 months
1 Jul 1957 to 30 Apr 1958	65 years and 8 months
1 May 1958 to 28 Feb 1959	65 years and 10 months
1 Mar 1959 to 31 Dec 1959	66 years
1 Jan 1960 to 31 Oct 1960	66 years and 2 months
1 Nov 1960 to 31 Aug 1961	66 years and 4 months
1 Sept 1961 to 30 Jun 1962	66 years and 6 months
1 Jul 1962 to 30 Apr 1963	66 years and 8 months
1 May 1963 to 29 Feb 1964	66 years and 10 months
1 Mar 1964 onwards	67 years

Survivor Member – You are a survivor member where you are in receipt of benefits from the Scheme as a result of an active, deferred or pensioner member’s death.

Surviving Partner – a surviving partner would be your spouse, registered civil partner or, subject to certain qualifying conditions, your co-habiting partner.

Uniformed member - A uniformed member is a member of the Scheme who is employed as

- the Chief Officer or Deputy Chief Officer or a Police Officer in the Government of Jersey Police Force
- the Chief Officer or Deputy Chief Officer of, or a Firefighter in the Government of Jersey Fire and Rescue Service (including the Airport Rescue and Firefighting Service)
- the Prison Governor and Prison Officers
- Chief Ambulance Officer or Assistant Chief Ambulance Officer of, or an emergency ambulance officer in the Government of Jersey Ambulance Service
- an Air Traffic Control Officer in the Government of Jersey Air Traffic Control Service

Appendix 1 – A list of Admitted Bodies.

- Andium Homes
- Beaulieu Convent School
- Brig-y-Don
- Comité des Connétables
- Family Nursing & Home Care (FNHC)
- Jersey Advisory & Conciliation Services (JACS)
- Jersey Competition Regulatory Authority (JCRA)
- Jersey Data Protection Commission (JDPC)
- Jersey Employment Trust/Workforce Solutions (JET)
- Jersey Financial Services Commission (JFSC)
- Jersey Gambling Commission
- Jersey Heritage Trust
- Jersey Overseas Aid Commission (JOAC)
- Jersey Post
- Jersey Telecom
- Les Amis Incorporated (Including Maison Variety)
- Parish of St Brelade (including Maison St Brelade)
- Parish of St Clement
- Parish of Grouville
- Parish of St Helier
- Parish of St Lawrence
- Parish of St Martin
- Parish of St Ouen
- Parish of St Saviour
- Ports of Jersey

Public Employees Pension Team
Treasury and Exchequer
PO Box 353,
19-21 Broad Street,
St Helier,
Jersey,
JE2 3RR

Telephone: (4)40227, available Monday to Friday from 9am to 5pm

Email: pept@gov.je

Website: www.gov.je/yourpension