



Uniformed Members Guide Final Salary Scheme

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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.

Last updated – July 2020

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.

Category A member is any person who is employed in one of the following services (excluding Chief Officers and the Prison Governor who are Category B members):

- Police Force
- Fire Service
- Airport Fire Service
- Prison Service (excluding those who become employed or re-join the Prison Service on or after 1 February 2013)
- Ambulance Service

Category B member is any person who is employed as one of the following:

- The Chief Officer of the Police Force
- The Prison Governor
- The Chief Fire Officer
- The Chief Airport Fire Service Officer
- The Deputy Chief Airport Fire Service Officer
- An Air Traffic Control Officer
- The Chief Ambulance Officer or an Assistant Chief Ambulance Officer

Category C member is any person who is employed as a prison officer on or after 1 February 2013

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 55 for Category A members and 60 for Category B members. For members employed as a prison officer before 1 February 2013 Normal Retirement Age is 60 but pension can be paid from age 55 unreduced.

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 they are in 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.
- The ability to retire up to 5 years before your normal retiring age (but see below if you joined Category A status on or after 1 March 2009 or if you are a Category A Prison Officer)
- 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 employment with the Government of Jersey, the choice of a transfer payment, 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 Retail 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 19).
- The option to purchase extra years of Pensionable Service by paying additional voluntary contributions.
- For members who joined Category A status on or after 1 March 2009, normal retirement age is 55 and there is no option to retire earlier except for reason of ill health.
- Prison Officers who were in service immediately before 1 February 2013 will have a choice of retirement age from 50 to 60.
- 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 transfer 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 on our webpages on www.gov.ie/yourpension or from the Pensions Team.

Contributions

How much do I pay?

Pension contributions for all uniformed members of the Final Salary Scheme is 10.10%.

All contributions are deducted automatically from your Salary before it is paid and if you are a tax payer 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.ie/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 we will advise you of your leaver benefit options. These options will be determined by your length of service and any previous transfers received.

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.

Deferred Pensions

If you leave your employer before retirement you will be entitled to a deferred pension from the Scheme. The deferred pension is calculated in the same way as your normal retirement pension and will be payable in full from your Normal Retiring Age. It will be based on your Final Salary and Pensionable Service as at the date you leave service.

Your deferred pension may receive annual increases whilst in deferment in line with increases in the Jersey All Items Retail Prices Index, subject to the financial condition of the Scheme being satisfactory (see page 19).

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 detailed information on Transfers Out can be found in the "Transfers Out Guidance Notes" on our webpages on www.gov.je/yourpension, including information around transferring out QROPS related pension benefits.

Transfers out 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 arrangements, you have up to a year from the starting 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.

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 which is age 55 for Category A members or age 60 for Category B members and Prison Officers.
- Any time up to 5 years before your Normal Retiring Age provided you have at least 10 years' Pensionable Service and you joined Category A status before 1 March 2009

Please Note: Prison officers employed before 1st February 2013 can retire from age 50 but Prison Officers employed on or after 1st February 2013 cannot retire before age 55.

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.

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

Pensionable service includes the following:

- The length of Scheme membership
- 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 in the 3 years before you retire or leave the scheme.

- The Accrual Rate for all **Category A and B members** under the **Existing Members Regulations** is **1/45th**
- The Accrual Rate for all **Category A and B members** under the **New Members Regulations** is **1/60th**
- The Accrual Rate for all **Category C Members** under the **New Members Regulations** is **1/70th**

An example of a pension calculation for a Category C member is shown below:

$$\frac{\text{£60,000} \times \text{35 years}}{70} = \text{£30,000}$$

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 19).

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

If you were first employed before 1st March 2009, you may retire up to 5 years before your Normal Retiring Age (NRA) provided you have at least 10 years' Pensionable Service.

If you are a Prison Officer (and have a NRA of 60) you may retire up to 10 years before your NRA if you were employed in the Prison Service before 1 March 2009 and up to 5 years before your Normal Retiring Age if you joined the Prison Service on or after that date. Category A members first employed on or after 1 March 2009 cannot retire before age 55.

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

The early retirement factor, which only applies if you first became a public employee on or after 1 January 2006, is set under the Regulations of the Scheme and will depend on how many years before NRA you choose to retire. The factors in use at present are as follows:

<u>No of Years pre NRA</u>	<u>Early Retirement Factor</u>
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%

The reduction to your pension is 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:

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

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 a part of your pension entitlement is made up of a transfer in from a UK scheme which was received on or after 9 February 2011, that part of your pension cannot be paid before age 55. If you retire before your 55th birthday this part of your pension will be treated as a deferred pension and will only be payable from your Normal Retiring Age. The part of the pension not made up of a transfer in can be paid from the date of your early retirement.

If you have left employment and deferred your benefits, your deferred pension may not be payable until you reach your Normal Retiring Age.

III-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

* 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, however, 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 webpages on 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. 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

Under age 60

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.

If you decide to take payment of your pension as a one off lump sum, we will have to deduct 20% tax on payment of the lump sum.

In order to commute your deferred benefit into a one off lump sum up to the value of £10,000, 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; The capital value of your deferred benefits must not exceed £10,000; and
3. 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.

Over age 60

If the total value of your pension at retirement, as a one off lump sum, is less than £50,000 you could take the lump sum instead of having your pension as a monthly payment. If you are considering this option your pension benefits must not be in payment.

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.

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 a 'Death in service lump sum nomination 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.

DEPENDANTS PENSION

A dependants pension is payable if the member 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 Category A Member under the New Members Regulations. Mr A retires at age 55 and at that time he has completed 30 years' Pensionable Service. His Final Salary at retirement is £40,000. His pension is calculated as:

$$\frac{\text{Final Salary} \times \text{Pensionable Service}}{60} = \frac{£40,000 \times 30}{60} = £20,000 \text{ per annum}$$

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:

$$£20,000 \times \frac{30}{100} = £6,000$$

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

$$£20,000 \times \frac{30}{100} = £6,000 \times £13.50 = £81,000$$

His remaining pension is then:

$$£20,000 - £6,000 = £14,000 \text{ per annum}$$

Widow's Pension

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

$$\frac{1}{2} \times \text{£}20,000 \text{ per annum with increases awarded since retirement}$$

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:

$$\text{£}20,000 \times 1.10 = \text{£}22,000 \text{ per annum}$$

His widow will therefore receive a pension of: $\frac{1}{2} \times \text{£}22,000 = \text{£}11,000$ 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 C is a Category C member under the New Members Regulations. Ms C 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 £40,000 per annum. Had Ms C survived in the Scheme until her Normal Retiring Age, she would have completed 30 years' Pensionable Service. The benefits payable are:

Cash Sum Death Benefit

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

$$\text{£}40,000 \times 2 = \text{£}80,000$$

Children's Pension

Each Child will receive a pension of:

$$\text{£}10,000 \times \frac{1}{2} = \text{£}5,000 \text{ per annum}$$

The pension for each Child will be payable while that child meets the Scheme's definition of Child

Example 4: Leaving Service

Mr B is a Category B member under the Existing Members Regulations. Mr B leaves service at age 35 after 10 years in the Scheme. His Final Salary at the date of leaving is £40,000 and he takes up his option of a deferred pension payable from age 65.

Mr C's deferred pension at the date of leaving is calculated as:

$$\frac{\pounds 40,000 \times 10}{45} = \pounds 8,889 \text{ per annum}$$

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

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 sum (see Example 2).

$$\pounds 8,889 \times 1.20 \times \frac{1}{2} = \pounds 5,333 \text{ per annum}$$

Examples of Benefits on Retirement and Death for employees first employed on or after 1 January 2006

Example 1: Reduced Pension paid on Early Retirement

Pension:

Mr A is a Category A Member of the New Members regulations who was first employed after 1 January 2006. Mr A retires 5 years before his NRA and at that time he has completed 30 years' Pensionable Service. His Final Salary at retirement is £40,000.

The Early Retirement Factor at the time he retires is 12%.

His pension is calculated as:

$$\frac{\text{Final Salary} \times \text{Pensionable Service}}{60} \times 88\% = \frac{\pounds 40,000 \times 30}{60} \times 88\% = \pounds 17,600 \text{ per annum}$$

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:

$\frac{1}{2} \times \text{£}6,286$ per annum with increases awarded since retirement

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

Example 2: Reduced Deferred Pension if drawn prior to Normal Retirement Age Pension:

Mr B is a Category B member of the New Members Regulations who was first employed after 1 January 2006. Mr B leaves service 10 years before Normal Retirement Age after 10 years in the Scheme. His Final Salary at the date of leaving is £20,000. If he decides to draw his preserved pension 5 years before his Normal Retirement Age, his pension will be reduced for early payment.

Mr B's preserved pension at date of leaving is calculated as:

$$\frac{\text{Final Salary} \times \text{Pensionable Service}}{60} = \frac{\text{£}40,000 \times 10}{60} = \text{£}6,666$$

The pension on retirement could be higher as increases may be granted in line with Jersey RPI, subject to the financial condition of the Scheme (see page 14). If Mr B's deferred pension had increased by 15% between the date of his leaving service and the date he chooses to draw his pension, and if the reduction factor for drawing a deferred pension 5 years before Normal Retirement Age is 77%, his pension would be:

$$\text{£}6,666 \times 1.15 \times 77\% = \text{£}5,903 \text{ per annum}$$

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

Widow's pension on death after retirement:

If Mr B 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 sum. The pension payable to Mr B's widow after his death is calculated as:

$$\frac{1}{2} \times \text{£}6,666 \text{ per annum with increases awarded since retirement}$$

Widow's pension on death before pension commences:

If Mr B should die leaving a widow before his pension commences, she will receive a pension of one half of the pension he would have been receiving without any reduction for early payment. If Mr B's preserved pension had increased by, say, 10% between the date of his leaving service and the date of his death, his widow's pension would be calculated as:

$$\frac{1}{2} \times \text{£}6,666 \times 1.10 = \text{£}7,333 \text{ per annum}$$

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 Old Age Pension becomes payable or in order to afford more easily the continuation of Jersey Social Security Contributions.

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 Old Age Pension which could be paid to any individual at the date of your retirement. The Committee of Management may apply further restrictions on the adjustment.

Will Widow's, Widower's, Surviving Civil Partner's and 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 a 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 that your employment contract terminates (for example, on the day that 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?

For your own protection, 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 overall 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.

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 3DN

Telephone: (01534) 440227

Email: pept@gov.je

Website: www.gov.je/yourpension

Pensions Portal: <https://pept.gov.je>

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