



YOUR PENSION

For Deferred and Retired members of the Jersey Teachers Superannuation Fund

ISSUE 2 — AUTUMN 2017

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Your pension increase

1.9% in 2017 paid in February 2017

A pension increase of 1.9% was paid in February 2017 which was in line with the January 2017 increase in the Jersey Retail Prices Index ("Jersey RPI"). The aim of the scheme is to increase your pension in payment by the Jersey RPI so that it keeps its value over time. However, the annual increase to your pension is dependant on investment returns and there being enough funding in the scheme for an increase to be affordable.

Your pension has kept pace with the increase the price of goods and services but future pension increases are not guaranteed.

Your Scheme

Over the past year changes have been made to the JTSF legislation to allow more freedom to the member with regard to their benefits on leaving, to remove age restrictions on becoming a member of the Scheme and to simplify the process for purchasing of additional pension. This will be explained in further detail later in the newsletter.

During 2016 the Fund achieved a return on its investments of 14.8% meaning that the Fund had a value of £484.6m up by nearly £55m from 2015.

During the year the Dedicated Pensions Unit (DPU) completed 94% of administrative tasks within 5 working days. Throughout the year correspondence was electronically scanned and workflow management used to process member correspondence.

FUTURE PENSION PAY DATES

We will pay pensions monthly on the following dates

2017	2018
31st August	31st January
30th September	28th February
31st October	31st March
30th November	28th April
20th December	31st May
	30th June
	31st July
	31st August
	30th September

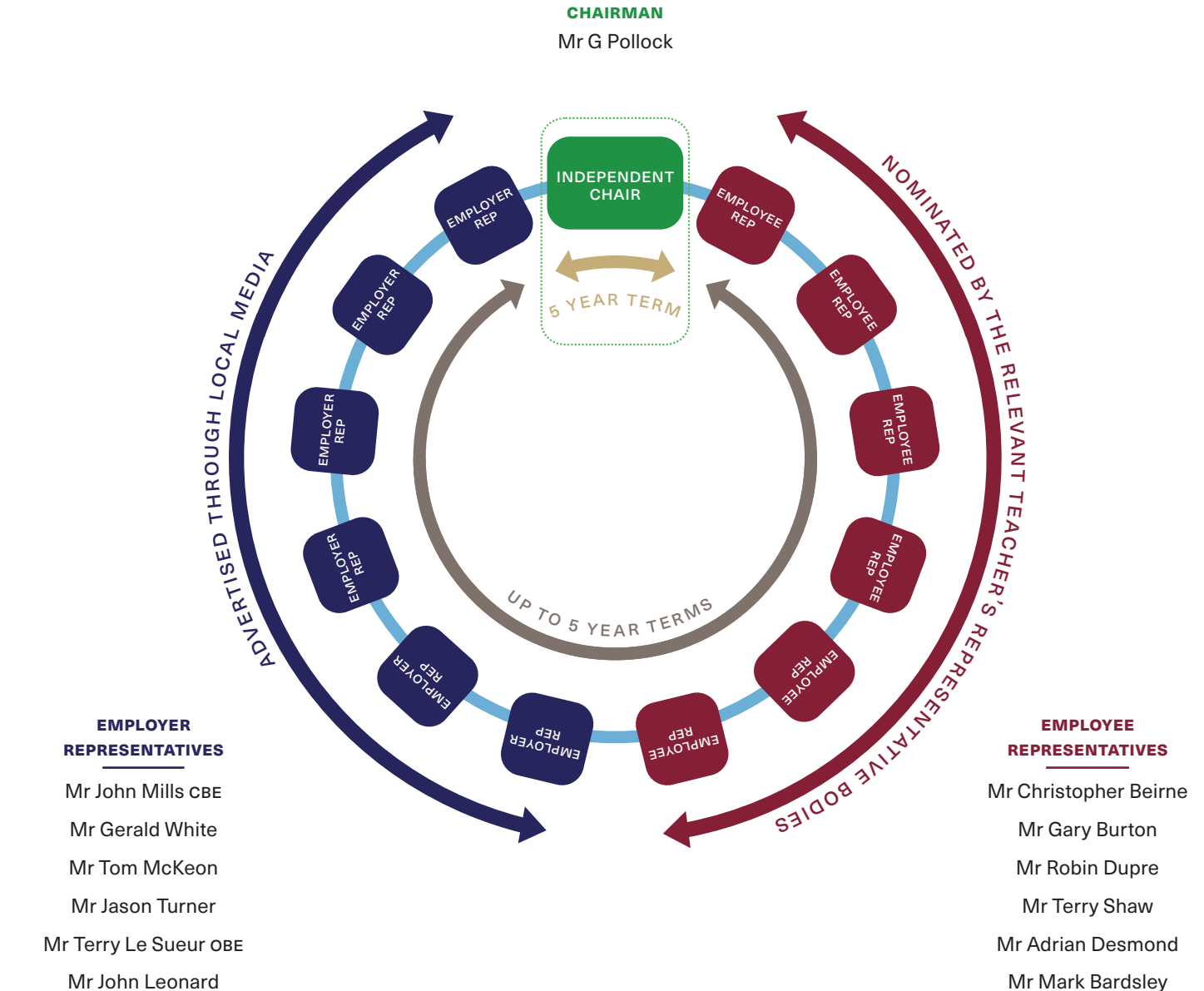
Your benefit administration

Your benefits are administered by the Dedicated Pensions Unit in the States Treasury.



FIND OUT MORE
A range of booklets and forms are available to scheme members on our website including Full Members Guides for both the New and Existing Members Orders and other useful information. These can be found at www.gov.je/teacherspensions under forms and publications.

The current Management Board



Tax and your pension

THINKING ABOUT RETIRING?

When you retire there are two big issues you need to think about; you will no longer be paying your income tax on a monthly basis through ITIS and you will receive a tax assessment based on the previous year when you were in full employment i.e. you will be obliged to pay a comparatively large tax liability out of a much reduced income.

WHAT WOULD THE TAX YEAR LOOK LIKE FOR YOU?



JANUARY

If you meet the qualification criteria you will receive details in the post of your Social Security pension from the Social Security Department. This means you no longer need to calculate your weekly / monthly pension for the previous year.



FEBRUARY

In mid-February you will receive a payment on account notice. This is based on 50% of your previous year's tax liability plus your long term care charge. If your circumstances have changed or you don't agree with the amount of tax we are asking you for you can appeal this notice for payment from the taxes office.



APRIL

Your payment on account must be paid by 6pm on the last Friday in April. The easiest way to pay is online at www.gov.je/pages/payonline.aspx



MAY

If you complete your own tax return it must be returned to the Taxes Office by no later than 6pm on the last Friday in May. If you miss this deadline you will have to pay a £250 penalty. You can appeal this penalty in writing but you must specify the grounds of the appeal.

Once you retire you can choose to set up a direct debit mandate to spread payment of your tax liability evenly over a year. The Taxes Office recommends however that you try, if your circumstances allow, to enhance your effective rate in the years before you retire to get to the position of paying tax on a current year basis (by the time you do reach retirement) if you are not already doing so. More information is available on the www.gov.je website under Taxes and your Money / Income Tax / Individuals' Tax Information.



JULY

If you have a professional tax agent or accountant completing your return on your behalf your tax return must be returned to the Taxes Office by no later than 6pm on the last Friday in July. If you miss this deadline you will have to pay a £250 penalty. You can appeal this penalty in writing and again you must specify the grounds of the appeal.



OCTOBER

You will receive your tax assessment and long term care charge at the beginning of October each year. If you don't agree with the assessment of your income and the tax due you have 40 days to appeal in writing and again you must specify the grounds of the appeal. Don't forget the easiest way to pay is online at <http://www.gov.je/pages/payonline.aspx>



DECEMBER

The latest date to pay your tax is 6pm on the Friday following the first Monday in December. If you miss this deadline you will have to pay 10% of the outstanding tax as well as the tax you owe. At the end of December you will receive your tax return to complete. Don't forget there is lots of information on how to complete your tax return at www.gov.je under Taxes and your Money / Income Tax / Individuals' Tax Information / Your personal income tax return.

Produced by the Taxes Office

Your Social Security Pension

If you are considering retiring your retirement income may come from a variety of sources and the pension you receive from the Jersey Teachers' Superannuation Scheme may be just one of those income streams.

One of your other sources of retirement income may be the Jersey Social Security pension, although you do not have to be retired in order to claim the Social Security pension. The Social Security pension is a weekly benefit normally paid when you reach pension age. However, you can claim a pension earlier than this at a reduced rate.

The Social Security pension age is changing for people born after 1st January 1955.

DATE OF BIRTH	SOCIAL SECURITY 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

ABOUT THE SOCIAL SECURITY REVIEW

A review is being undertaken to help set the direction of Jersey's Social Security scheme for the next 30 years and find out what the government should do to help people to financially prepare for retirement. The Social Security Review – Part 1 (Living Longer: Thinking Ahead) consultation asked for the public's views on living longer, and the Social Security scheme. The results of this consultation have recently been published and are available at <http://www.gov.je/SocialSecurityReview>

FIND A LOST PENSION

The Pension Tracing Service offers a free tracing service of UK based workplace pension schemes. If you have worked in the UK and feel you may have an entitlement to a pension from a former employer but have lost track of the pension scheme you may wish to contact the Pension Tracing Service at <https://www.gov.uk/find-lost-pension>

FIND OUT MORE

Information on how your Social Security pension works including the qualifying criteria can be found at www.gov.je/pensions

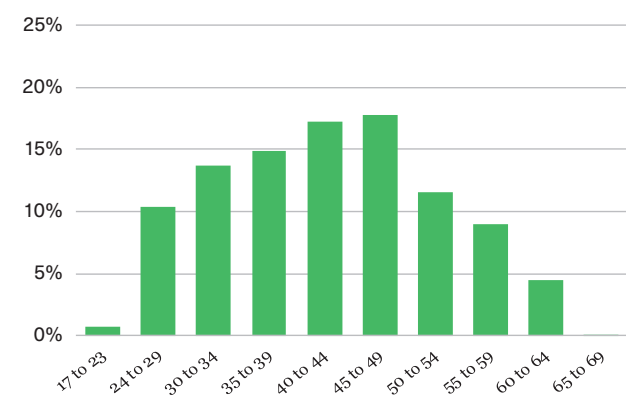
Produced by the Social Security Department

JTSF in numbers

96	the age of our oldest pensioner
15%	the percentage of active scheme members employed by Accepted Schools
57%	the percentage of active members who are over the age of 40
67	the age of our oldest active member
22	the average number of years that a 65 year old male can expect to spend in retirement
42	the average age of an active scheme member
22	the age of our youngest member

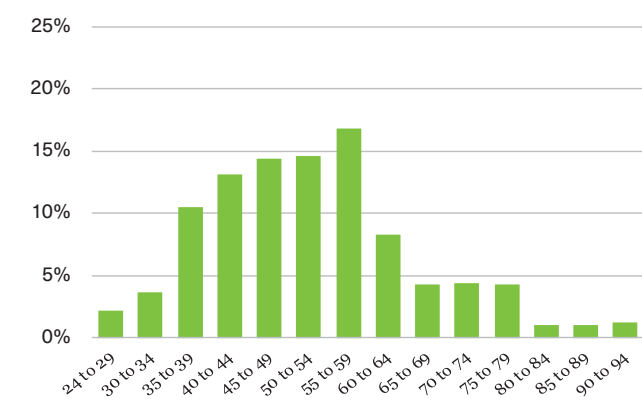
ACTIVES

57% of active members are over the age of 40.



DEFERRED

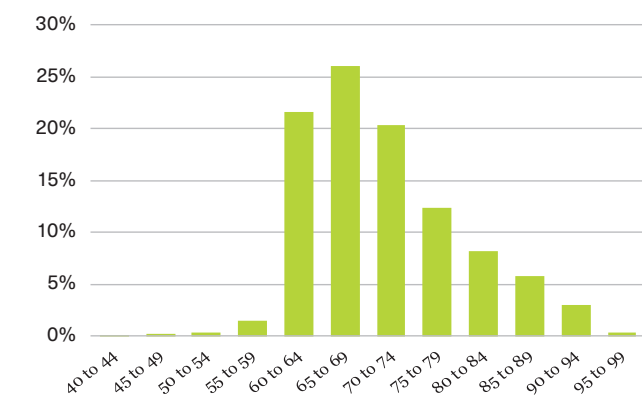
69% of deferred members are over the age of 40.



PENSIONERS

The majority of members live at least 10 years into retirement with around 60% of all pensioners living at least 15 years into retirement.

45% of pensioner members are over the age of 70.



Changes to the Pension Scheme

In 2016 amendments were made to the JTSF legislation in respect of certain member benefits and to remove certain restrictions. We have set out a brief overview of the changes below.

ALL MEMBERS

AVCS

There has been a change in the way you can purchase additional pension. We are in the process of producing documentation, with the assistance of the scheme actuary, to inform you how many additional days 1% of your annual pay would purchase each year. Under the new arrangement you can enter into an open ended agreement to purchase additional service and you will be able to vary the percentage you are paying.

Conversion of benefits into lump sum not exceeding £18,000

The total value of deferred pension that you can convert into one off lump sum has been increased from £5,000 to £18,000.

FOR MEMBERS WHO WERE FIRST EMPLOYED ON OR AFTER 1ST APRIL 2007

Eligibility and membership

There are now no age restrictions on joining the scheme, you can join no matter how young or old you are as long as you are a qualified teacher.

Deferred Pension

The 2 year qualifying period required for deferring your benefits has been removed. You can now defer your benefits on leaving no matter how long you have been in the scheme.

Refund of contributions

The maximum service allowed in order to request a refund of your contribution on leaving teaching has increased to 5 years.

Conversion of pension to lump sum ("commutation")

The percentage of a pension you can convert into a lump sum on retirement has increased from 25% to 30%.

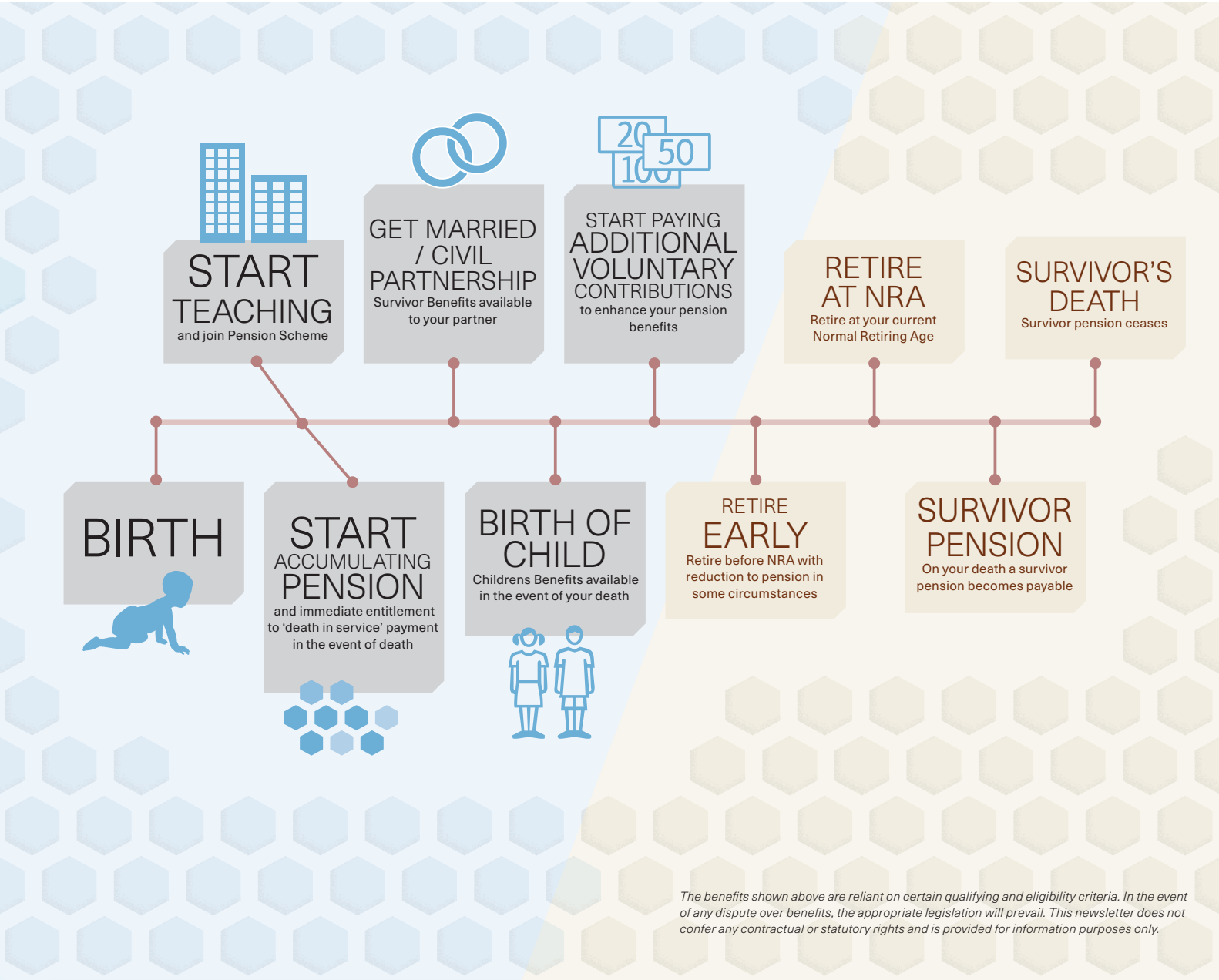
Transferring Out of the Scheme

If you are a deferred member of the scheme and you are not eligible for the payment of your deferred pension then you have the ability to transfer your JTSF benefits to another scheme. If you are considering transferring out of the scheme we strongly advise to discuss it with an Independent Financial Advisor.

If you are interested in transferring out of the scheme you will need to request a Transfer Out Estimate from the Dedicated Pension Unit. This can be done by writing to the address at the end of the newsletter or emailing JTSF@gov.je.

Please note: If you have moved overseas and you wish to transfer out, the Comptroller of Taxes in Jersey requires that you are resident outside of Jersey for a minimum of 3 years before being eligible to transfer out.

Your Pension Life Cycle



Frequently asked questions

DEFERRED MEMBERS

1. What is a deferred pension?

If you leave your employer before retirement you will be entitled to a deferred pension from the Fund. The benefits you have built up to the date of leaving will be preserved, increased in line with the Jersey Retail Prices Index (dependant on the financial position of the Fund) and will be payable from your Normal Retiring Age. You may also receive payment of your deferred pension up to 5 years before your NRA, the pension will be subject to a reduction to reflect that the pension is being paid earlier and for longer.

2. When will my pension be paid out? (pro-rata payments for part months)

Your pension will be paid out on the first pay date following your date of retirement. If you retire in the middle of a month then the pension that you will be paid in that month will be pro-rated to take account of it being paid for only part of a month.

3. When will I hear from you regarding my pension options- i.e. taking a lower pension and a lump sum or taking the higher pension?

We will contact you regarding your pension options within 6 months of the earliest date at which you can receive your deferred pension unreduced. For members of the Existing Members Order, this will be age 60, but for members New Members Order it will be age 65.

4. Can I transfer my pension out at a later date?

As a deferred member you can transfer your deferred pension to another pension provider at any time up to the earliest age at which you can receive your pension. Once you are eligible to receive payment of your deferred pension you will not be eligible to transfer that pension to another pension provider.

5. Do I have the option to convert my deferred benefits into a one off pension lump sum?

There are specific criteria to meet in order to convert your deferred benefit into a lump sum.

- You have to be under the age of 60;

- The total value of your deferred benefit has to be under £18,000 (this is not the same as the annual pension amount, the figure of £18,000 is calculated in the same way as if you were to transfer out the pension to another scheme); and
- Your deferred benefits cannot be made up in part by a transfer in.

PENSIONER MEMBERS

1. What date does my pension get paid?

Your pension is paid on the last banking day of every month.

2. What happens if i get re-married?

If you remarry after you have retired your new partner will not receive any benefits from the scheme in the event of your death.

3. When is the pension increase applied and how much will it be?

The pension increase is applied from the 1st January each year. The pension increase is taken from the December RPI.

4. If I die how much does my spouse receive?

- For Pensioners who first became a member of the JTSF before 1st April 2007 – If you have not remarried after retirement, your spouse will receive a pension based on the following: if you are male ½ of your pension calculated using your pensionable service from 01 April 1972 only and if you are female ½ of your pension calculated using your pensionable service from 6 April 1988 only.
- For Pensioners first became a member of the JTSF on or after 1st April 2007 – If you die in service and you have not remarried after retirement, your spouse will receive ½ of your pension and the calculation of the survivor pension will disregard any lump sum taken at the point of retirement.

5. Can my pension be paid into someone else's account?

No, we can only pay a pension into the members account

The accounts explained

	2015 £MILLION	2016 £MILLION
Value of the Scheme assets at 31 December	421.3	429.8
DEALINGS WITH MEMBERS		
Employer Contributions	9.1	9.1
Member Contributions	3.5	4.0
Benefits and payments to leavers	-20.3	-20.4
TOTAL	-7.7	-7.3
EXPENSES		
Benefits administration expenses	-0.5	-0.5
Investment expenses	-2.2	-2.5
TOTAL	-2.7	-3.0
INVESTMENTS		
Change in market value of Scheme investments	18.9	65.1
Movement during year	8.5	54.8
Value of the Scheme assets at 31 December	429.8	484.6

Pensions paid to members and amount transferred out when members leave

The cost of administering the Scheme also includes legal, Actuarial and Audit Fees

Investment advisory, management and Custodian cost for managing the schemes investment.

Employer contributions into the Fund

Employee contributions paid through payroll, also includes amounts transferred in by members from other pension arrangements

Any income on fund investments is reinvested within the Common Investment Fund.

FIND OUT MORE

The Fund publishes an Annual Report that provides further information on the accounts and the fund activity during the year. The Annual report can be found at:- <http://www.gov.je/teacherspensions> under Forms and Publications

The investments explained

SCHEME PERFORMANCE

The Fund's assets are invested to generate returns to pay Fund benefits over the long term. Over the 10 years from 2007 to 2016 the Fund's investments achieved a return of 8.9% per annum against a benchmark of 7.9% per annum. Jersey RPI over the same period was 2.6% per annum meaning that the Fund's investments have achieved a real rate of return above Jersey RPI of 6.3% per annum.

ASSETS UNDER MANAGEMENT

As at 31 December 2016 the Fund's assets under management, split between 25 investment managers, had a market value of £484.6 million (2015: £429.8 million). These were invested in the following asset categories as shown in the diagrams below.

INVESTMENT STRATEGY

The Management Board works with its Investment Consultant, Aon Hewitt, to set the strategic asset allocation for the Fund. Operational control and day to day management of the assets remains with the Treasurer and the Treasury Advisory Panel (TAP). Oversight of this arrangement is carried out by members of the Management Board attending TAP meetings throughout the year.

As a result of the overall strategic monitoring of the Fund's asset allocation and the day to day management of the investments the following changes occurred during the year.

- The CIF combined a number of separate accounts into pools focusing on different asset classes, for example the five global active equity manager are now combined in the global active equity pool;
- Appointed Walter Scott and Lansdowne as additional global equity managers;
- Finished the process to fund the Absolute Return Pool by investing with the final 5 hedge fund managers being added (totalling approximately £61 million) across 11 separate managers;
- Agreed to invest an initial 5% of the Fund in the CIF opportunities pool which aims to take advantage of the illiquidity premium in investment in illiquid assets such as property debt and infrastructure.

These changes were made to provide further diversification and maintain the high standards expected from our investment managers.

For more detailed information on investments please see our Annual Report for the year ending 31 December 2016 available from the DPU and at www.gov.je/teacherspensions.

Increase in value of investments by over £54 million



Keeping in touch

PLEASE REMEMBER TO KEEP IN CONTACT WITH US IF YOU MOVE HOUSE OR HAVE ANY PERSONAL DETAIL CHANGES.

This enables us to keep you updated about changes that may impact on your benefits.

Forms are available on our website www.gov.je/teacherspensions

Not everyone wants to think about what would happen in the event of their death. However, to ensure your pension matters are dealt with promptly you can make sure that whoever is going to look after your affairs after you've died knows you have membership of the JTSF and have our contact details.

They can contact us by phone on 01534 440227. That way we can put into place as quickly as possible any benefits that may arise – for example, a pension for your spouse or child or any death in service lump sum.

HELP US SAVE MONEY

We are now providing much more pension information electronically. It is much more cost effective for the Scheme to provide information via e-mail. If you would like to help us save money so that more of the Fund can be used to pay benefits please provide us with your e-mail address. You can do this by e-mailing us at jtsf@gov.je or completing the change of communication form available on our website www.gov.je/teacherspensions

CONTACT DETAILS AND FURTHER INFORMATION

For more information on any aspect of the Jersey Teachers Superannuation Fund please refer to our website www.gov.je/teacherspensions

You may wish to email us at jtsf@gov.je

Alternatively, call us on (01534) 440227

DATA SHARING AND THE UK NATIONAL FRAUD INITIATIVE

The Jersey Teachers Superannuation Fund shares member information with other States Departments and participates in the UK National Fraud Initiative. As well as protecting the fund by picking up cases of fraudulent claims, this also helps ensure that beneficiaries themselves receive the money they are entitled to in the event of your death.

Being part of the UK National Fraud Initiative means we share information on UK resident members with UK public bodies such as the Department for Work and Pensions, in order to prevent and detect fraud. All data is be dealt with in line with the relevant legislation and best practice guidance.

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Treasury and Resources Department
Cyril Le Marquand House
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The Scheme Rules are contained in the applicable legislation and, where there is any difference between that legislation and the information in this publication, the legislation will prevail.

