



Considering Retirement

Contents

Introduction	3
The Retirement Process	3
Your Retirement Benefits	4
Additional Voluntary Contributions (AVCs)	7
Pension Increases	7
Small Pensions	8
Transfer Out	8
Death benefits	9
Complaints Procedure	10
Frequently asked questions	10
Your Pension Newsletter and Annual Report	11
Contact Details & Further Information	11
Admitted Body Employers	11



Introduction

The information contained in this booklet is provided to help guide you through the retirement process and explain how your benefits are calculated. However these notes are for guidance only and cannot be treated as a statement of law.

This guide cannot cover every personal circumstance of all members. In the event of any dispute over pension benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights and is provided for information purposes only. We hope you find the information useful and if you have any queries please do not hesitate to contact the Public Employees Pension Team (PEPT). Details of how to contact us can be found at the end of this booklet.

The Retirement Process

During the period before you decide to retire you should contact the PEPT to discuss the options available to you and request a provisional retirement estimate. You may do this at any time, but you should be aware that depending on how far in advance of your intended retirement date you request an estimate the figures may change.

Retirement from Employment

Once you have decided on a retirement date, you should inform your employer and request a pension estimate from the PEPT. This estimate will be prepared in accordance with the Public Employees Pension Fund (PEPF) Regulations applicable to you. If you are a member of the Career Average Scheme it will be based on the pension that you have built up to your date of retirement. If you are a member of the Final Salary Scheme, in the majority of cases, your pension will be based means on your best 365 days pensionable salary in the three years immediately preceding the day on which you cease to be an employee as well as your service up to your date of retirement.

Most members can also convert (commute) up to 30% of their annual pension into a tax free lump sum. Please note this option is not available to members in the Final Salary Scheme who are male members under the FHS Regulations and any members under the 1967 Regulations. However, there is a tax free lump sum available to female members under the FHS Regulation which is equal to 3 times their annual pension on retirement.

Your estimate will be based on information provided by yourself, data in the Pension System, Payroll information and Human Resources records. If you are an Admitted Body employee, your estimate will be based on salary and other contractual information provided by your employer. In the event that our data is incomplete, where for example the PEPT receives late notification of a change in your employment details or there is a change in your leaving date, the estimate may need to be recalculated.

In order to let Pensions Team know what you would like to do with your pension benefits on retiring from the Final Salary Scheme or the Career Average Scheme you will need to complete our online form (Choose your leaver or retirement options) available on www.gov.je/yourpension, on the page titled 'Retiring from or leaving a public sector pension scheme'.



Retirement from Deferment

Once you have decided on a retirement date, you should request a pension estimate from the PEPT. This estimate will be based on the value of your deferred pension, including any pension increases, up to the date of the estimate.

Most members can also convert (commute) up to 30% of their annual pension into a tax free lump sum. Please note this option is not available to members in the Final Salary Scheme who are male members under the FHS Regulations and any members under the 1967 Regulations. However, there is a tax free lump sum available to female members under the FHS Regulation which is equal to 3 times their annual pension on retirement.

Finalising your Retirement.

When you come to retire you will need to complete the online form (Choose your leaver or retirement options) available on www.gov.je/yourpension, on the page titled 'Retiring from or leaving a public sector pension scheme'. The online form will let us know if you want a lump sum and will inform us of the bank details which you would like your pension and lump sum paid into.

Generally, 10 working days before your pension is due we will write to you to confirm, the bank or building society account it will be paid into, the amount and date of the first payment (which often includes payment for a part month) and the amount of subsequent monthly payments. If you have commuted a part of your pension into a tax-free lump sum we will also confirm payment details.

You are reminded that if you move or leave the Island you must notify the PEPT and the Comptroller of Income Tax of your new address.

Your Retirement Benefits

How are my benefits worked out?

In a Final Salary scheme pension benefits are calculated according to your pensionable service, your final salary (normally your best salary in 365 consecutive days in the three years prior to your retirement) and your accrual rate. The accrual rate is the rate at which you build up pension each year you are a member of the scheme. Dependant on the Scheme Regulations you fall under, your accrual rate will either be 1/45th, 1/60th 1/70th or 1/80th. For example, if the accrual rate is 1/80th and you have 20 years full-time membership in the scheme your pension would be 20/80ths (or one quarter) of your final salary. If you worked part-time say 20 hours a week under a 40 hour per week full-time contract then your service would be 10 years ($20 \div 40 = 0.5 \times 20 \text{ years} = 10 \text{ years}$) and your pension would be 10/80ths (or one eighth) of your final salary.

If you are a member of Career Average Scheme your pension will be based on 1/66th of the pensionable earnings that you receive each year you are a contributing member of the scheme. The pension is then increased annually by up to Jersey RPI+1% (subject to the Fund's ability to pay)

If you have left employment and deferred your benefits, your deferred pension will have received annual pension increases up to Jersey RPI (subject to the Scheme's ability to pay).



Retiring before your Normal Retiring Age in the Final Salary Scheme

If you are a non-uniformed member of the Final Salary Scheme you can retire up to 5 years earlier than your Normal Retiring Age.

If you are a uniformed member of the Final Salary Scheme employed before 1 March 2009 you will need to have a minimum of 10 years pensionable service before you can apply to retire early. If you are a Category A member first employed on or after 1 March 2009 you will not be eligible for early retirement and can only retire from age 55. If you are Category A member who has transferred in service from the UK, you cannot draw that element of your pension until you reach age 55.

If you were first employed on or after 1 January 2006 and before 1 January 2016 and you are considering retiring before your Normal Retiring Age your pension will face a reduction. The early retirement reduction is 2.4% of your pension for each year that you retire early up to a maximum of 12% for retiring 5 years early.

Retiring before your Normal Pension Age in the Career Average Scheme

If you are a non-uniformed member of the Career Average Scheme you can retire up to 10 years earlier than your Normal Pension Age. If you are a uniformed member of the Career Average Scheme you can retire up to 5 years before your Normal Pension Age.

For every year you retire early your pension will be reduced, the reduction percentages can be found on our webpages on gov.je (www.gov.je/yourpension).

Retiring after your Normal Pension Age in the Career Average Scheme

If you want to retire after your Normal Pension Age in the Career Average Scheme your pension will be enhanced for every year you work past your Normal Pension Age, the enhancement percentages can be found on our webpages on gov.je (www.gov.je/yourpension).

Commutation (Lump Sum)

Members who have the option to convert (commute) part of their pension into a tax free lump sum on retirement can currently convert a maximum of 30% of their pension into a lump sum. The conversion rate for each £1 of pension commuted is £13.50.

Please Note: 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.

How will my pension be paid?

Your pension will be paid monthly directly into your bank or building society account on the last banking day of the month with the exception of December when it will normally be paid before Christmas.



When you fill in the online form, remember to confirm the bank account you want us to pay your pension into. This is very important. **Please Note:** You cannot have your pension paid into another person's bank account, it has to be paid into the members account to whom the pension relates.

You will not receive a monthly pay slip. Instead you will receive a letter at year end confirming the amount of pension you have received and any tax deducted. Subject to Scheme funding being sufficient, pension increases are paid in January and are based on the September RPI figure from the previous year. You will be advised by letter of the amount of increase. Please note that we can only make BACS payments to a UK/Jersey clearing bank. Your bankers may have an issue should you move overseas which could lead to the closure of your sterling bank account. Should this happen then we can pay your pension into an overseas bank account (see 'What if I decide to live abroad?' in the 'Frequently Asked Questions' Section of this guide).

In accordance with local tax legislation we are required to deduct Income Tax at the Standard Rate from your pension with effect from the date you leave Jersey. This deduction will continue until we are notified by the Comptroller of an alternative rate to apply. It is therefore in your interest to resolve any tax matters at the earliest opportunity.

When will I receive my Lump Sum and first pension payment?

When you have provided all the information we need we will arrange to pay your lump sum into your bank account on the Monday after you retire and if the payment date falls on a bank holiday the payment may be made on a Tuesday or Friday depending on Government of Jersey payment policy.

We'll do our best to start paying your pension from the next available pay date but this is dependent on the documentation being completed before the payroll close down date. This is normally around the end of the second week of each month although Easter and December may be a week or so earlier. Consequently, your first pension payment may include adjustments and not equate to a normal months payment. We will include the details of any adjustments which may affect your first pension payment in our pension confirmation letter.

What happens if I have retired due to ill health?

If you are a member of the Final Salary Scheme and your employer has determined that you satisfy the conditions to be awarded an ill health benefit and you have left employment due to ill health your pension may be subject to an enhancement (additional pensionable service) dependant on your length of membership in the scheme.

If you are a member of the Career Average Scheme and your employer has determined that you satisfy the conditions to be awarded an ill health benefit and you have left employment but can work in another capacity you will receive the pension you have built up to the date of your ill health retirement. If you are awarded an ill health benefit and the Occupation Health Advisor has stated that you cannot work in another capacity your pension may be subject to an enhancement (additional pension) dependant on your length of membership in the scheme.

You should note that your early retirement on medical grounds may be subject to medical review.



Additional Voluntary Contributions (AVCs)

How do they affect my pension?

AVCs can be an efficient way of making additional provision for retirement. However, if you leave the scheme before the age at which you are entitled to an immediate pension, or you are single and unlikely to have dependants in the event of your death you are less likely to receive full value for the additional contributions made.

What happens if I retire early?

The additional pensionable service purchased by the AVCs up to the date of your early retirement will be included in the calculation of your Final Salary Scheme pension.

The additional pension that you purchased through the payment of AVCs will be added to your pension in every year you are paying. The additional pension becomes part of your overall annual pension which is increased annually until you decide to retire.

What happens if I commute part of my pension for a cash sum?

As the additional service or pension purchased through the AVCs are included in the calculation for the annual pension, they will also be included in the calculation for the cash lump sum as the cash lump sum is based on a percentage of your total annual pension.

Pension Increases

Pensions in payment and deferred pensions 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 part way through the previous year therefore your first increase may not qualify for a full year's indexation.

The indexation exercise takes place in January following the publication of the September Quarter's Retail Prices Index and your pension will receive the increase in the January payment.

For most pensioners increases in line with rises in the Jersey All Items Retail Prices Index are not guaranteed as they are dependent on the financial condition of the Fund following an actuarial review.

Below is a table of pension increases since 2016.

Year	Jersey All Items Retail Prices Index %	Pension Increase
2017	2	2
2018	3.1	3.1
2019	4.3	4.3
2020	2.7	2.7



Small Pensions

If you are under 60 and the capital value of your pension benefits are under £19,000 we are able to commute your benefits into a one-off lump sum. This means that instead of paying you a small amount of pension each month, we may be able to pay you a one-off lump sum instead. The pension's team do not deduct any tax from the payment of a small pension but you do have to claim the lump sum on your annual tax return.

If you are over the age of 60 and the capital value of their retirement benefits are less than £35,000 and the member has not commenced payment of their benefits. 70% of the lump is taxed at half the standard rate (currently 10%) and 30% is tax free.

You should be aware that tax rates, allowances and actuarial factors change from time to time and that there are a number of additional conditions which need to be met to establish eligibility under the Regulations. For example, these options will not be available to members who have made a transfer in of service and any members exercising this option are reminded that no further liability for pension benefits remains in PEPF.

If you wish to enquiry about your eligibility to the small pension option, please contact the PEPT.

Please Note: The 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

Transfer Out

An alternative to taking receipt of your pension on retirement is to transfer out your pension benefits to another personal pension arrangement. If you wish to consider this option you will need to inform the PEPT of your request to transfer out and the PEPT will provide you with an estimate of the Cash Equivalent Transfer Value (CETV) of your pension benefits. The CETV gives you the total cash value of your benefits in a lump sum amount.

When considering to transfer out of the PEPF please ensure you read our Transfer Out Guidance Notes available on www.gov.je/yourpension.

It is highly recommend that you seek independent financial advice on any proposed transfer out of PEPF, so you understand the implications of transferring to a new arrangement and what this means for you.



Death benefits

A pension equal to 50% of your pension plus any increases to the date of your death are payable to your spouse, civil partner and, for members of the Career Average Scheme, a co-habiting partner.

If you have a 1 or more children they could also be eligible for a benefit in the event of your death.

- For 1 or 2 children – a pension equal to 25% of your pension will be paid monthly for each child.
- For more than 2 children – a pension equal to 50% of your pension, divided by the number of children will be paid monthly.
- If no pension is being paid to a spouse, civil partner or dependant then the pension paid to the children will be doubled.

In the Final Salary Scheme children's pensions are payable until the child's 16th birthday and in the Career Average Scheme until the child's 18th birthday. The pension can continue until their 23rd birthday if the child remains in full-time education. To continue paying a pension to age 23 you will be asked annually to confirm that your child is in full time education.

Where pension to any child ceases or recommences, the pension payment to any other child will be adjusted to ensure compliance with the parameters above.

For members under the Former Hospital Scheme (FHS) and 1967 Regulations

If you are a married man, your wife will get a pension equal to 50% of your pension as at the date of retirement including any pensions increase to date of death. Under the 1967 and FHS Regulations male spouses and civil partners will not receive a benefit in the event a member dies.

For members under the 1967 regulations,

- If you leave a widow each child will receive £100 a year.
- If you do not leave a widow or your widow dies then each child will receive £150 a year.

For members under the FHS Regulations,

- If you leave a widow each child will receive £80 a year.
- If you do not leave a widow or your widow dies then each child will receive £110 a year.

Changes in circumstances

It is important to inform us as soon as possible of the death of a pensioner so the member's pension can be stopped, any eligibility to survivor benefits established and over – payments avoided.

The Pensions Team must be notified of the death of a Pensioner

It is essential that the Pensions Team is notified of the death of a pensioner as quickly as possible so that the process of establishing whether survivor benefits are due can be started.



You should be aware that eligibility to your pension ceases on your death but under the provisions of the scheme there may be other beneficiaries entitled to a share of your pension.

When contacting the Pensions Team it would be helpful if the following information could be provided:

- Full name and address of the deceased
- The date of death and where the death was registered
- Information such as deceased's Social Security number, Payroll Number and date of birth.
- Full name and address of the Next of Kin and a contact telephone number

The Pensions Team will then write to the Next of Kin to request to see a copy of the death certificate and other relevant confirmations, for example; date of marriage, date of civil partnership agreement, date of birth of children, proof of co-habitation etc. When eligibility has been established and all relevant paperwork received, the beneficiary/ies will be contacted to confirm pension entitlement and payment arrangements.

Complaints Procedure

If you are unhappy with the treatment or service you have received from the Public Employees' Pension Team there is a recognised complaints procedure. Initially, you should contact the Pensions Team in writing concerning your case.

Our complaints procedure can be found on our website: www.gov.je/yourpension,

Frequently asked questions

What if I decide to live abroad?

If you are thinking of moving away from Jersey, contact us in good time so we can discuss the implications with you and make the necessary pension payment and tax arrangements. If you are considering living outside of the Channel Islands or the United Kingdom and you wish for your pension to be paid into an Overseas Bank account you will need to inform us over your overseas bank details. Payment to an overseas bank account can only be made through a CHAPS payment and as your pension is paid in sterling you will be liable for any costs associated with the conversion of your pension into foreign currency.

What if I change my address, email address or bank details?

Please let us know if you move house or want us to pay your pension into a different account. Please provide these new details in writing, signed by you or your authorised agent. Please remember the payroll is completed by the end of the first two weeks of the month so try to inform us as soon as you can.



Where can I obtain financial advice from?

Your retirement can involve making many decisions some financial in nature. Unfortunately, the Pensions Team are not authorised to give scheme members individual financial advice. If you wish to receive independent advice concerning your pension you should contact a registered independent financial adviser or an organisation such as the Citizen Advice Bureau. You will personally be responsible for meeting the cost of any advice received where applicable.

What happens if I have a question about Income tax?

We cannot help you with any matters relating to your Income Tax liability including how your pension may affect your taxable income when you retire. For help and guidance relating to any tax issues we recommend that you contact the Taxes Office on either www.gov.je/taxrequest or 01534 440300.

Your Pension Newsletter and Annual Report

Every year the Committee of Management produce a newsletter (titled 'Your Pension') and the PEPF Annual Report. The Annual Report gives a detailed breakdown of how the pension Scheme has performed whilst the newsletter gives a more condensed overview. The Newsletter will include information about any changes which have occurred or are planned for the Scheme and other information which may be important to you as a pensioner.

The newsletter is sent to all members either electronically or via post. The Newsletter and the Annual Report are also available online at www.gov.je/yourpension.

Contact Details & Further Information

For more information on any aspect of the Public Employees Pension Fund please refer to our website: www.gov.je/yourpension.

Call us on (01534) (4)40227 – We are available Monday to Friday, 9am to 5pm

Alternatively, you may wish to email us at pept@gov.je

If you would like to write to us or you need to send anything to us please use the following address:

Public Employees Pension Team
Treasury and Exchequer
Union Street,
St Helier,
Jersey,
JE2 3DN

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. Below is a list of all current Admitted Body's:

- 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)
- Parish of St Brellade (including Maison St Brellade)
- 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
- Jersey Gambling Commission
- Jersey Heritage Trust
- Jersey Overseas Aid Commission (JOAC)
- Jersey Post
- Jersey Telecom
- Les Amis Incorporated (Including Maison Variety)

Public Employees Pension Team
Treasury and Exchequer
Union Street,
St Helier,
Jersey,
JE2 3DN

Telephone: (4)40227

Email: pept@gov.je

Website: www.gov.je/yourpension

