



# YOUR PENSION

For Active members of the Public Employees Pension Fund

ISSUE 2 — AUTUMN 2017



# Contents

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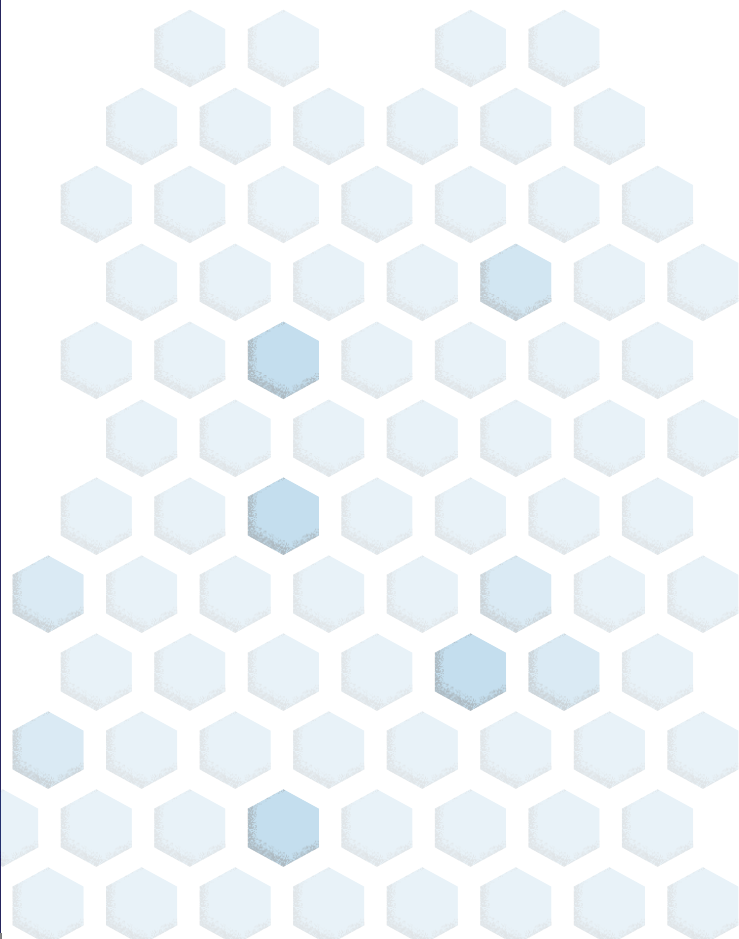
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# Introduction

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Your pension scheme is changing in 2019. Most scheme members will move into the CARE section of the scheme on 1st January 2019. The benefits you have accrued in the final salary section will continue to be linked to your final salary when you eventually retire or leave the scheme. Those closest to retirement will have the option to remain in the final salary section.

This newsletter covers how the scheme is changing and how it may impact on you.



## Changes to the pension scheme

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On 1st January 2019 most members will be moving into the CARE Section. This will mean that for the majority of members they will stop building up pensionable service in the final salary scheme and they will start to build up pension in the Career Average Revalued Earnings Scheme, the Public Employees Pension Scheme (PEPS).

If you move into the CARE section your service built up in the Final Salary section at 31st December 2018 will be frozen and when you come to retire or leave the scheme your pension will be calculated using a final salary based on the best 365 consecutive days in the 10 years prior to leaving the scheme or retiring and your service up to 31st December 2018.

If you move into the CARE Section you will see a change to the rate at which you build up a pension. Your pension will be based on 1/66th of their pensionable earnings.

Also, from 1st January 2019, the contribution rate for all members will increase. The increase will be phased in over 3 to 5 years.













There will also be a change to some of the additional benefits in respect of ill health retirement, death benefits, AVCs etc. You will find further information on these benefits in this newsletter.

There will be a number of members who will have the option to remain in the final salary scheme as at 1st January 2019. If you are within 7 years of your Normal Retiring Age as at 31st December 2018 or on a 1/45th Accrual Rate. We will contact you in 2018 to ask whether you wish to remain in the final salary scheme or to move into the CARE Section. Further details will be made available at the beginning of 2018.

For further information on your Normal Retiring Age, please see our Frequently Asked Questions on page 14.

# Your benefit administration

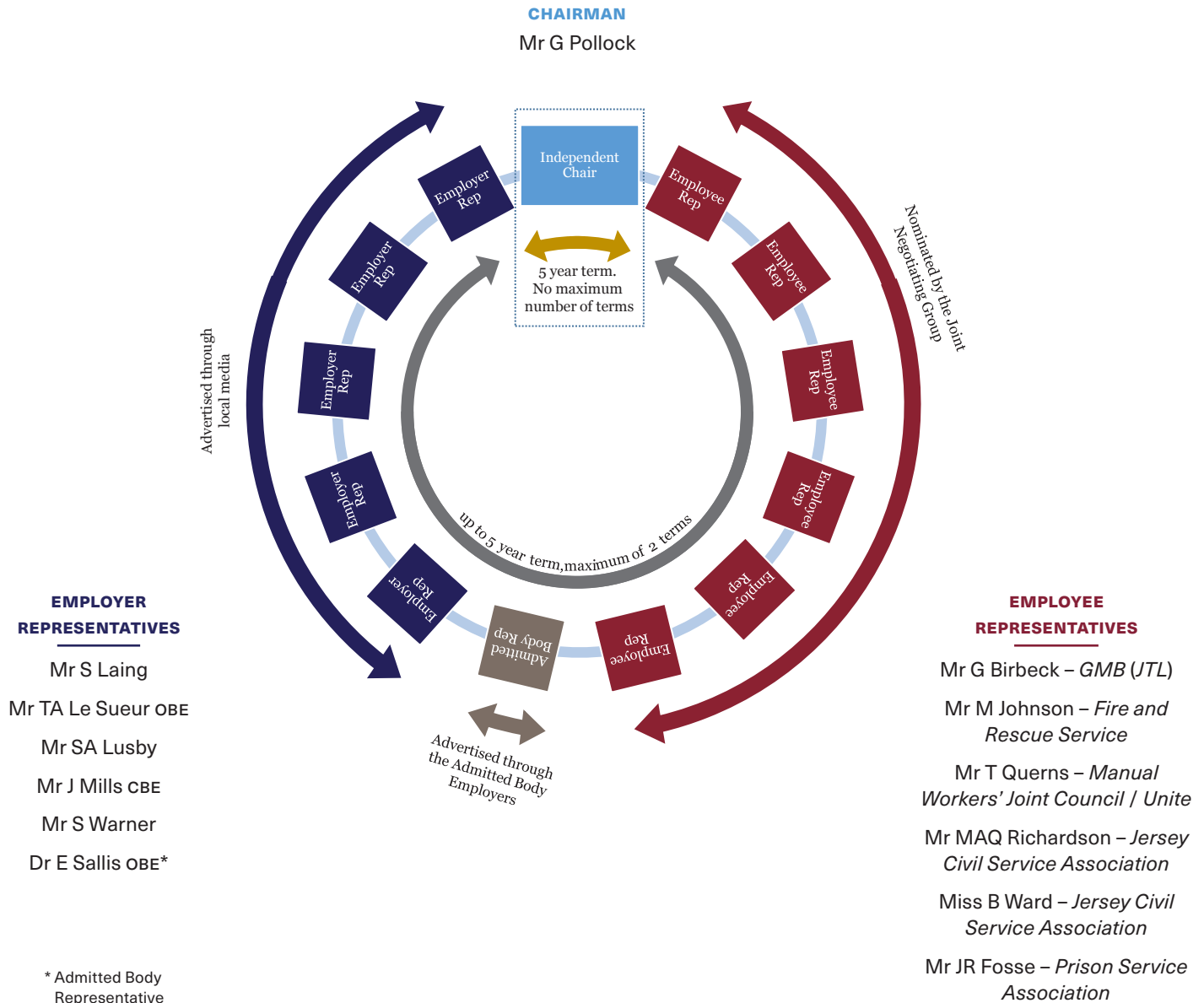
Below shows in numbers the administration of the pension scheme for 2016.

 <b>Scheme Administration</b> <b>93%</b> of administration tasks completed within 5 working days	 <b>Website</b> Over <b>4,700</b> hits on our website during the year.
 <b>Benefit Statements</b> <b>6,114</b> annual benefit statements provided to scheme members	 <b>Children's Pensions</b> <b>29</b> children's pensions paid during the year to eligible children who have lost a parent who was a member of the Scheme
 <b>Pension Payments</b> Around <b>83,000</b> pension payments made	 <b>Small Pension Lump Sums</b> <b>148</b> small pension lump sum payments calculated, processed and paid in the year.
 <b>Pensions paid to pensioners living in</b> <b>30</b> different countries	 <b>Transfers</b> <b>56</b> transfers in and <b>36</b> transfers out administered in the year
 <b>435</b> new pensions put into payment	 <b>Admitted Bodies</b> Support provided to <b>25</b> Admitted Bodies, employing <b>1,337</b> scheme members
 <b>Additional Voluntary Contributions</b> Additional voluntary contributions for <b>123</b> scheme members administered in the year	 Average AVC contribution percentage paid is <b>9%</b>

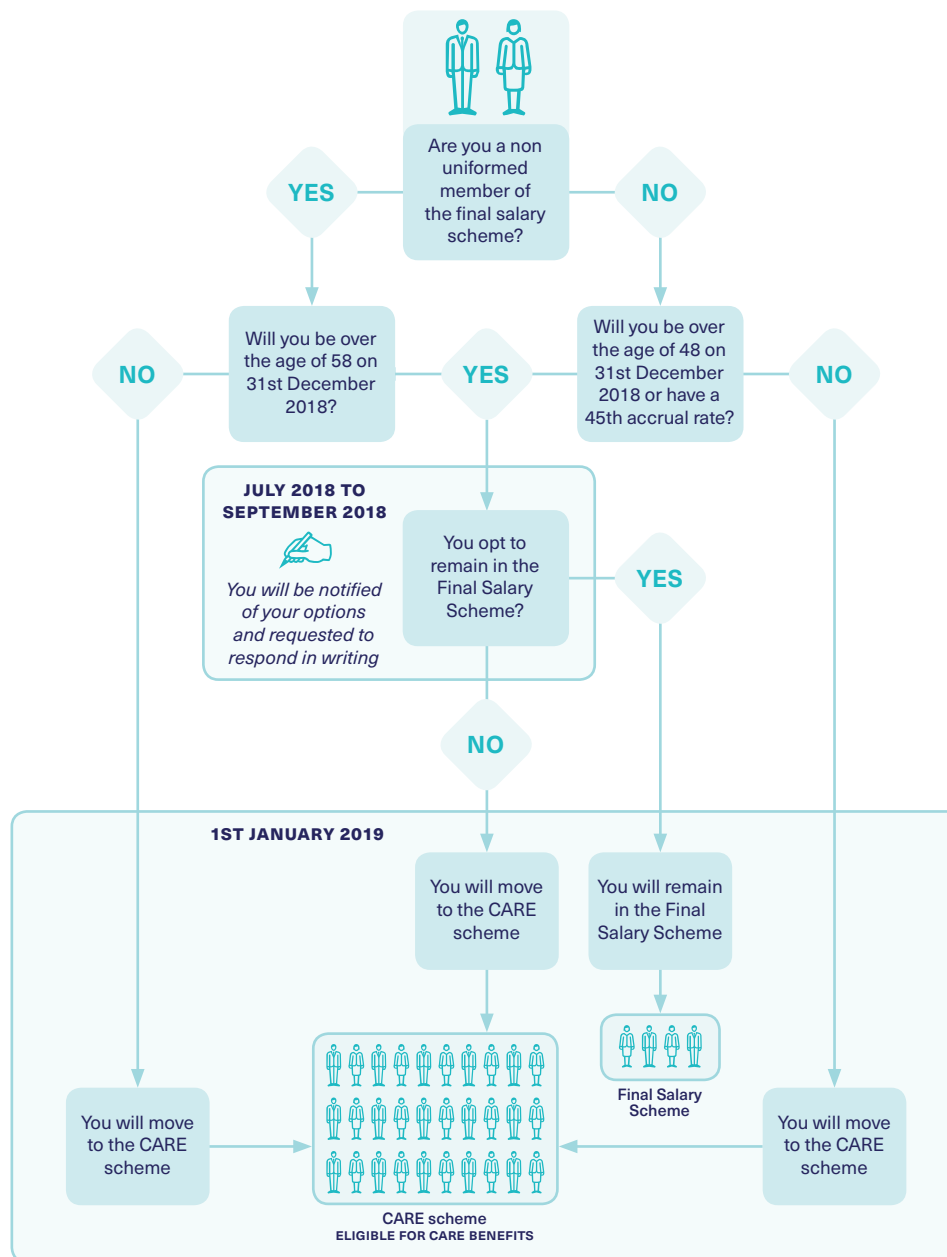
## FIND OUT MORE

A range of booklets and forms are available to scheme members on our website including booklets on Going from employment to retirement, Leaving Employment before retirement and deferring your benefits as well as the Full Members Guide and other useful information. These can be found at [www.gov.je/statesemployeespension](http://www.gov.je/statesemployeespension) under Public Employees Contributory Retirement Scheme (PECRS) / PECRS forms and publications

# The current Committee of Management

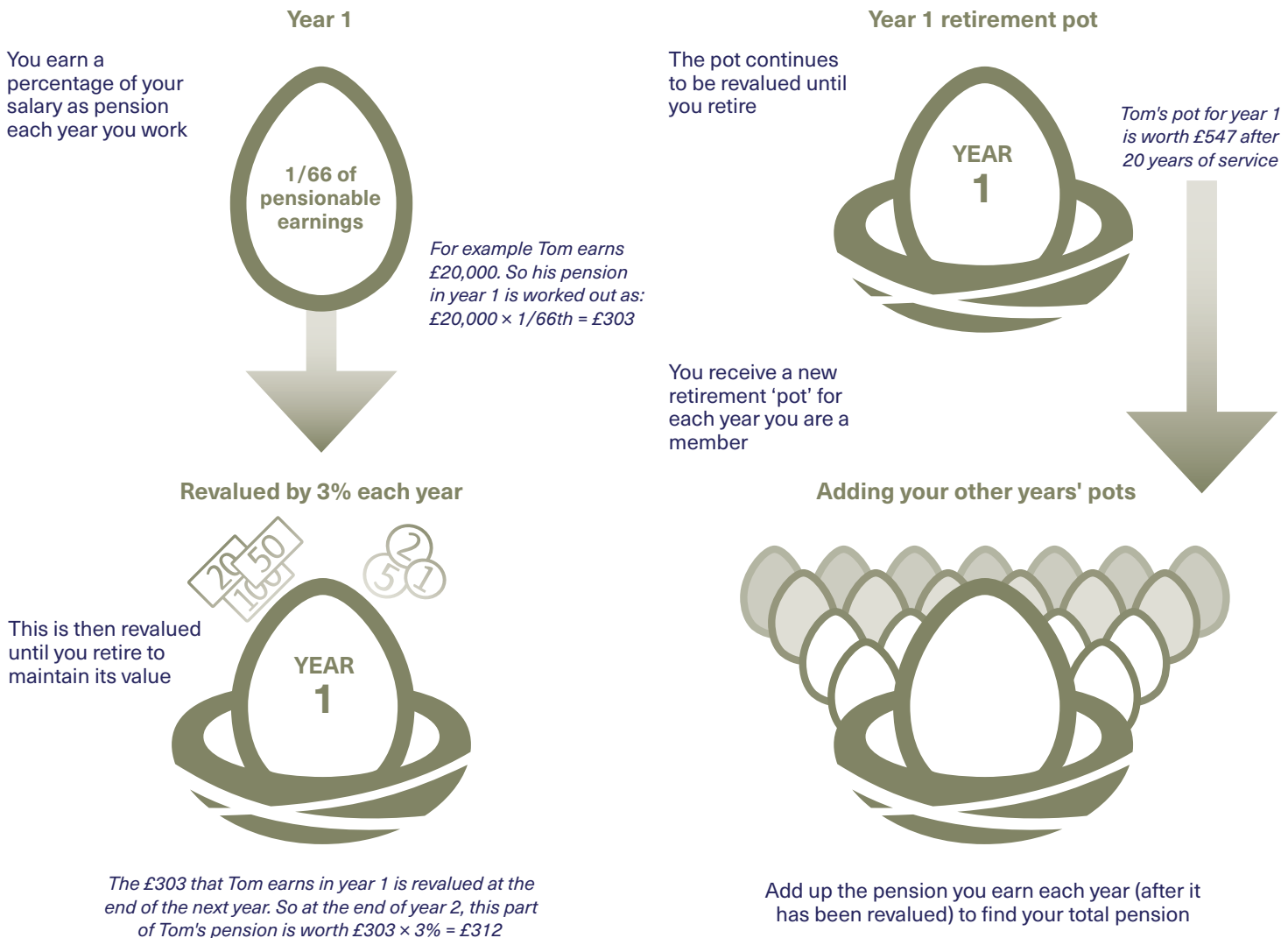


## How will the current changes affect my benefits in 2019?



# How will CARE scheme benefits be calculated

As most members of the PECRS will be moving into the PEPS on 1st January 2019 we have set out below some of the benefits in the PEPS and how they affect members moving from the PECRS.

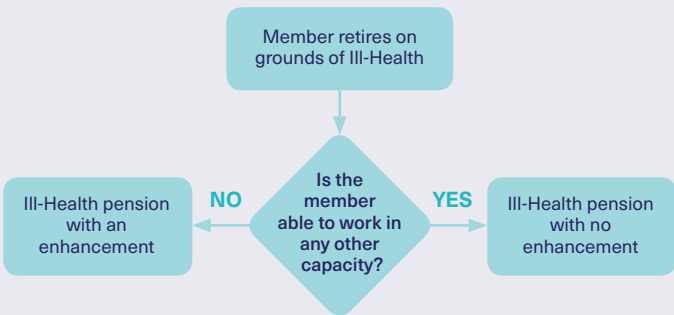


# Benefits in the CARE scheme

## CHANGED

### Ill Health Retirement

There is a two tier ill health retirement system in the PEPS. The following diagram shows how the new system will work.



The ill health enhancement matches the enhancement in the PECS Existing and New Members Regulations. When you move into the PEPS, if you receive an ill health retirement there will be no enhancement to your PECS benefits, only to your PEPS benefits.

## NEW

### Terminal Illness

If you are diagnosed by the Occupational Health Service as being terminally ill with less than 12 months to live, you will be able to opt to take your pension as a one off lump sum. The lump sum would be calculated as 30% of your pension multiplied by 13.5 and the remaining 70% of your pension multiplied by 5. None of the survivor benefits are affected by the member taking the lump sum.

## NEW

### Nominated Co-habiting Partners

If you move into the CARE section and you are living with a partner you could nominate your partner for death benefits, subject to the following being met for a minimum of 2 years prior to death:

- You and your partner have to be living together as a couple
- Your partner has to be financially dependent on you or you and your partner have to be financially interdependent.
- You and your partner are legally free to marry or form a civil partnership, but have chosen not to.
- Neither you and your partner are married to, or in a civil partnership with, someone else
- Neither you and your partner are living with someone else as a couple

If you move into the CARE Section and nominate a co-habiting partner, the partner will also receive benefits from your service in the final salary scheme in the event of your death.

## IMPROVED

### Death in Service Lump Sum

The Death in Service lump sum in CARE Section has been increased to 3 times your pensionable earnings at the date of death. From 1st January 2019, if you move into the CARE section, no Death in Service lump sum will be paid from the final salary scheme and you will be eligible for the higher death in service lump sum.

## CHANGED

### Normal Pension Age (NPA)

Most members who move into the CARE Section will see an increase in their Normal Pension Age.

For non-uniformed members their NPA is linked to the Jersey island wide state pension age (you can find out more information on the social security pension on page 11). Most uniformed members will see an increase in their NPA from age 55 to 60.



# Increase in contribution rates

## IMPROVED FLEXIBILITY

### Option for an early and late retirement

If you wish to retire early in the CARE Section your pension will be reduced to take account of it being paid earlier and for longer. Alternatively, if you wish to continue in work and retire after your NPA your pension will be increased to take account of it being paid later and possibly for a shorter period.

The reduction and increases are calculated on a cost neutral basis meaning that there is no cost or advantage to the scheme in taking your pension early or late. The early retirement reductions can be found on the website [www.gov.je/statesemployeepensions](http://www.gov.je/statesemployeepensions)

## IMPROVED FLEXIBILITY

### Option to take a lower paid post without affecting your pension.

If you wish to take a less demanding post later in your career, the pension that you have built up in the CARE Section will not be affected.

Under the CARE scheme as the pension that you have built up is based on the pensionable earnings paid to you each year, the pension you have built up will not be affected by any change in salary. All that will happen is that you will continue to build up pension based on a lower rate of pensionable earnings.

## CHANGE

### Option to purchasing additional contributions

You can pay additional contributions in order to purchase additional pension by paying a fixed percentage, a fixed monthly amount or a one of lump sum out of your pay.

A calculator is available on the PEPS website [www.gov.je/statesemployeepensions](http://www.gov.je/statesemployeepensions)

The contribution rates for all members, whether they are in the final salary section or the CARE section, will increase from 1st January 2019.

Non-uniformed members will see their contribution rate increase to 7.75% and Uniformed members will see their contribution rate increase to 10.10%.

The contribution rates will increase over a 3 to 5 year period dependant on how much you earn and what category of member you are.

For example, if you are:

- a non-uniformed member earning £30,000 or more per year (as a full time equivalent salary), you will see your contribution rate increase over 3 years.
- a non-uniformed member earning less than £30,000 per year (as a full time equivalent salary), you will see your contribution rate increase over 4 years.
- a uniformed members you will see your contribution rate increase over a 5 year period.



# 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.

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](http://www.gov.je) website under Taxes and your Money / Income Tax / Individuals' Tax Information

## 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](http://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.



### 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](http://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 Public Employees Contributory Retirement 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

## 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](http://www.gov.je/pensions)

## ABOUT THE SOCIAL SECURITY REVIEW

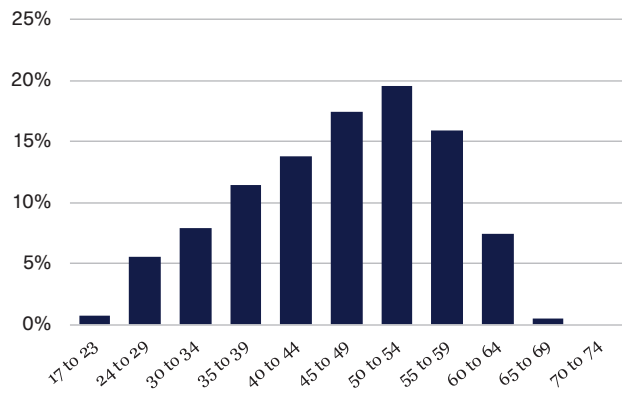
A review is being undertaken to help set the direction of Jersey's Social Security scheme for the next 30 years and find out what the government should do to help people to financially prepare for retirement. The Social Security Review – Part 1 (Living Longer: Thinking Ahead) consultation asked for the 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>

# PECRS in numbers

99	The age of our oldest pensioner.
15%	The number of active scheme members employed by Admitted bodies.
59%	The number of active members who are over the age of 45.
71	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.
20%	The increase in the number of pensioners over the last 4 years.
46	The average age of an active scheme member.
16	The age of our youngest member.

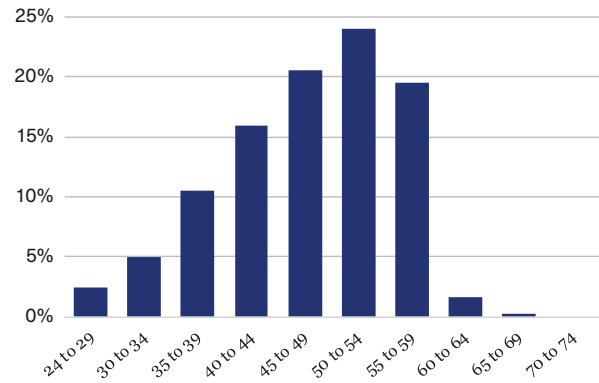
## ACTIVES

75% of active members are over the age of 40.



## DEFERRED

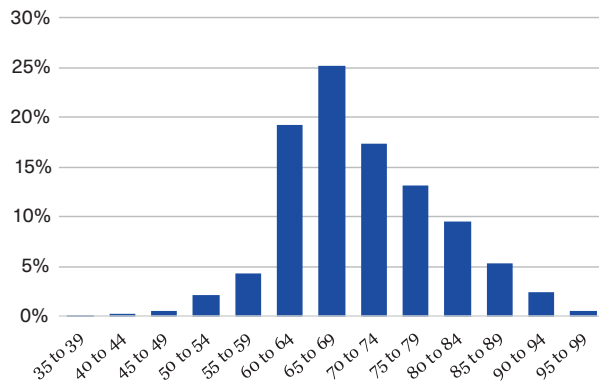
82% of deferred members are over the age of 40.



## PENSIONER

The majority of members live at least 10 years into retirement with around 40% of all pensioners living at least 15 years into retirement.

55% of pensioner members are over the age of 75



# Purchasing additional Pension

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If you wish to purchase additional pension in the final salary scheme, you can do so by purchasing additional years and days of pensionable service.

We've published tables which show how much additional service can be purchased when paying an additional 1% through Additional Voluntary Contributions.

If you want to purchase additional years or days, you can download the forms and guidance notes from the website [www.gov.je/statesemployeespension](http://www.gov.je/statesemployeespension) go to Public Employees Contributory Retirement Scheme / Forms and Guidance

Payment of Additional Voluntary Contributions can only start in January or July.

## Transfers in and out of the Scheme

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### TRANSFERS IN

If you have a pension with another pension provider and you wish to combine your pension in to one scheme you can transfer that pension in to the final salary scheme. To transfer your pension you will need to complete a transfer in enquiry form available on the website [www.gov.je/statesemployeespension](http://www.gov.je/statesemployeespension). We strongly advise that you read the guidance notes before thinking about transferring your pension.

Once you have completed the form, you can send it to the DPU using the address on the form. Once we receive the form we will process it and once we receive all the relevant information from your other pension scheme, we will send you a quotation of what your pension could purchase in the final salary section. No transfer will proceed until we have received your authorisation to do so.

### TRANSFERS OUT

If you are considering leaving employment you may wish to transfer your pension out of the final salary scheme. You will need to let us know which pension provider you wish to transfer out to. We will then provide you with a quotation of the total value of your benefits in the final salary scheme. No transfer will proceed until we have received your authorisation to proceed.

Please Note: if you are considering transferring out of the final salary scheme to a scheme established outside of Jersey you will not be able to transfer your benefits until you have been resident outside of Jersey for a minimum of 3 years.

Where you have been resident for a minimum of 3 years you will need to provide evidence to the DPU of your residency. This proof will then be sent to the Taxes office where the Comptroller of Taxes will have the final say on whether the transfer out can proceed.

# Frequently asked questions

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## 1. What is my Normal Retirement Age?

You normal retiring age will depend on what category of member you are in the PECRS.

- Normal Retiring Age for most members in the PECRS is 65;
- If you are classed as a Uniformed Member in the States of Jersey Police Force, the Jersey Fire and Rescue Service, the Airport Fire and Rescue Service or the Ambulance Service you will have a Normal Retiring Age of 55;
- If you are a Chief Officer of the Uniformed Services, an Air Traffic Controller or you are employed in the prison service you will have a Normal Retiring Age of 60.

## 2. If I were to die in service what would my Death in Service Lump sum be?

As a member of the final salary scheme under the New or Existing Member Regulations for the first 4 years of scheme membership your death in service lump sum will be 2/5ths of your annual salary for each year you have been a member of the Scheme. If you have been in the scheme for 5 or more years your death in service lump sum will be twice your annual salary. If you are a member under the FHS or 1967 Regulations you will need to contact the DPU with regard to your Death in Service lump sum.

## 3. Who can I nominate on my Expression of Wish form?

You can nominate whoever you wish to receive your death in service lump sum, family members, friends or a charity of your choice.

The Committee of Management retain a discretion with regard to the payment of a lump sum in the event of your death. For this reason the PECRS Committee of Management will have the greatest regard for your wishes but it is not bound by them.

## 4. What is the difference between a Dependant's form and an Expression of Wish form?

The dependants form is to advise the Scheme Administrator of any person who is financially dependent on you and who may receive a dependant pension in the event of your death. An Expression of wish for is to let the Scheme Administrator know who to pay the Death in Service Lump Sum to.

## 5. If I leave employment what are my pension options?

If you leave service before you are eligible to receive a pension from the scheme you have the following options.

If you have been a member of the Scheme for less than 5 years you are currently only entitled to a refund of your own contributions or a transfer out of the Scheme

If you have been a member of the Scheme for more than two years you are entitled to a deferred pension payable from at normal retiring age (or possibly earlier with an actuarial reduction) or a transfer out of the Scheme.

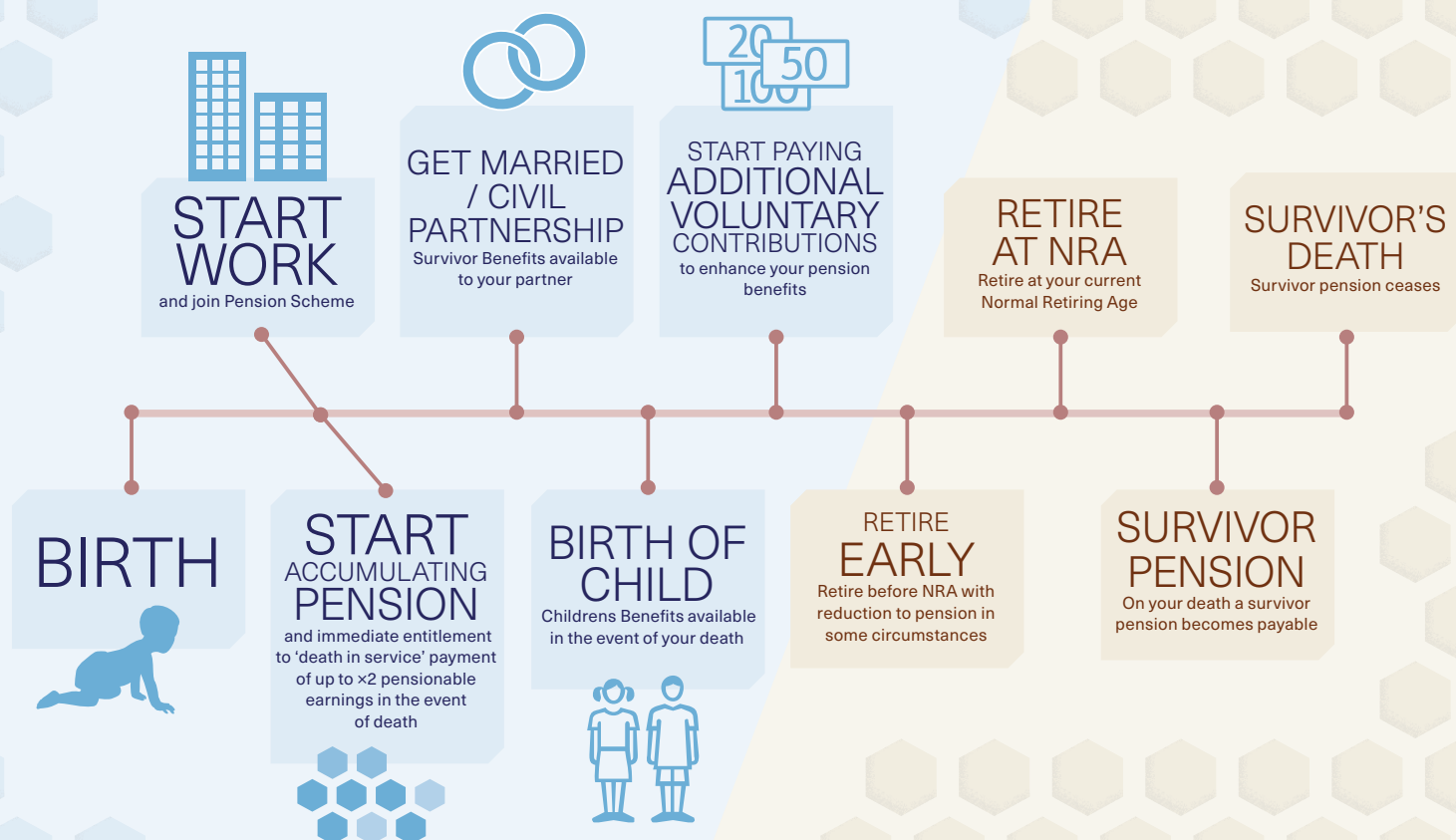
## 6. When will I receive my annual Benefit Statement?

You will receive an annual benefit statement once you have been in the scheme for a minimum of 2 years. The benefit statement is generally sent out to all active members around the end of April each year.

## 7. If I take a lump sum out at retirement can it be split and paid into more than one bank account?

No, we cannot split your lump sum and it can only be paid into one bank account.

# Your Pension Life Cycle



*The benefits shown above are reliant on certain qualifying and eligibility criteria. In the event of any dispute over benefits, the appropriate legislation will prevail. This newsletter does not confer any contractual or statutory rights and is provided for information purposes only.*

# The accounts explained

	2015 £MILLION	2016 £MILLION
<b>Value of the Scheme assets at 1 January</b>	<b>1,732.7</b>	<b>1,833</b>
<b>DEALINGS WITH MEMBERS</b>		
Employer Contributions	63.3	44.4
Member Contributions	17.5	18.3
Benefits and payments to leavers	-73.2	-82.5
<b>TOTAL</b>	<b>7.6</b>	<b>-19.8</b>
<b>EXPENSES</b>		
Benefits administration expenses	-1.4	-2.1
Investment expenses	-21.5	-11.9
<b>TOTAL</b>	<b>-22.9</b>	<b>-14.0</b>
<b>INVESTMENTS</b>		
Change in market value of Scheme investments	103.2	122.1
Investment income	12.4	13.8
<b>TOTAL</b>	<b>115.6</b>	<b>135.9</b>
<b>Movement during year</b>	<b>100.3</b>	<b>102.1</b>
<b>Value of the Scheme assets at 31 December</b>	<b>1,833.0</b>	<b>1935.1</b>

Pensions paid to members and amounts transferred out when members leave

The cost of administering the Scheme including legal, actuarial and audit fees

Investment advisory, investment management and custody costs for managing the schemes investments.

Employer contributions including the repayment of the Pre 1987 Debt.

Employee contributions including amounts transferred in by members from other pension arrangements

Dividend income from company share held and interest on cash balances

## 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/>

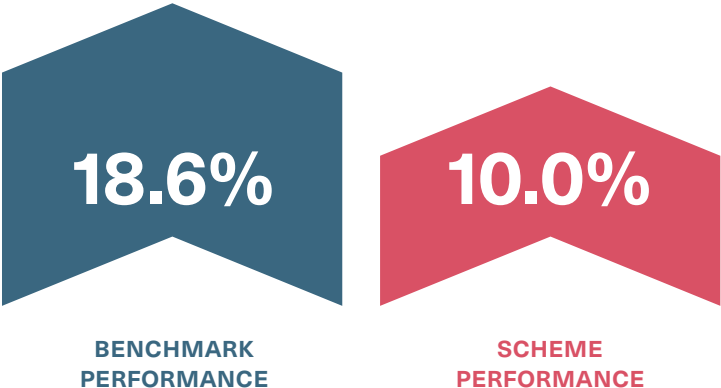


# The investments explained

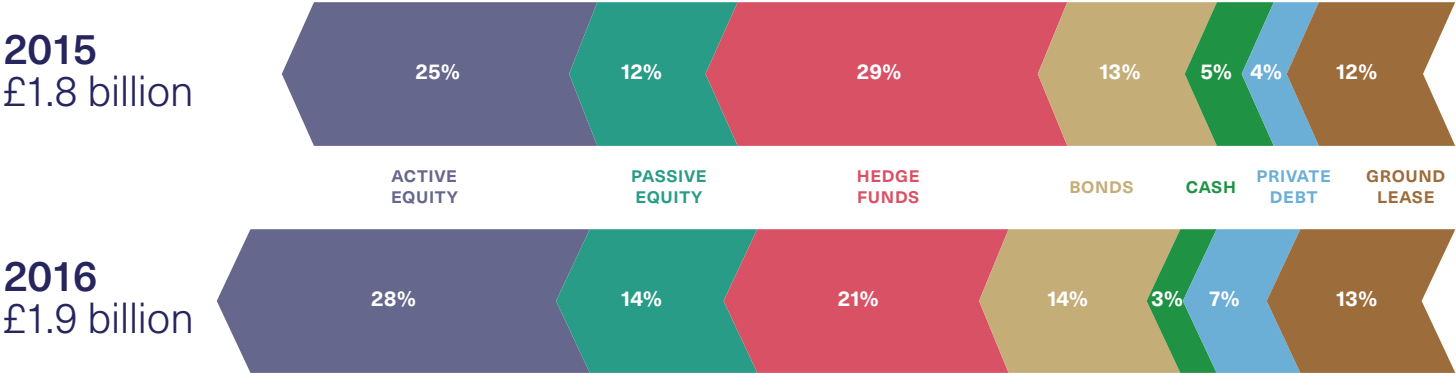
Although the Fund increased in value by 10.0% over the past year; this represented underperformance against the Fund specific benchmark of 18.6% as managers struggled in a strongly growing market. The Investment Subcommittee works closely with Mercer, the investment consultant, to monitor and manage the Fund's investments. The Investment Subcommittee meets at least quarterly; each investment manager presents to the Subcommittee once a year when performance, developments and holdings are reviewed. Annually the Subcommittee hosts an asset allocation debate where investment managers across different asset classes discuss where they think future asset growth will occur; this informs the Subcommittee when reviewing the investment strategy.

## ASSETS UNDER MANAGEMENT

As at 31 December 2016 the fund's assets under management had a market value of £1.9 billion (2015: £1.8 billion) which were invested in the asset categories as shown in the diagrams below.



Investments have increased in value by over £100 million for the second year in a row



## INVESTMENT STRATEGY

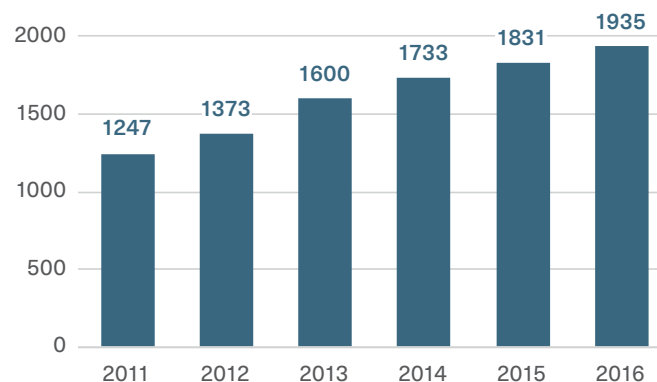
As a result of the overall strategic monitoring of the fund's asset allocation and the day to day management of the investments the following changes occurred during the year.

- Invested an additional £12 million in the Pramerica UK Residential Ground Lease Fund II.
- Continued to fund the Hayfin Limited Partnership so that it was fully invested during the year.
- Committed to invest £150 million in HayFin Limited Partnership II, at year end £43.3 million had been invested.
- Terminated the emerging market local currency debt mandate with Investec and appointed Blackrock to manage a mandate in the same investment class.
- Divested £50 million from various equity managers to reduce the equity exposure, retaining the cash to finance expected future cash flows.

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/statesemployeespension](http://www.gov.je/statesemployeespension)

## SCHEME VALUE (£ MILLION)



## 5 LARGEST EQUITY HOLDINGS



# Keeping in touch

**PLEASE REMEMBER TO KEEP IN CONTACT WITH US IF YOU MOVE HOUSE, CHANGE YOUR BANK DETAILS 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/statesemployeepension](http://www.gov.je/statesemployeepension)*

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 PECRS and have our contact details.

They can contact us now 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 [pecrs@gov.je](mailto:pecrs@gov.je) or completing the change of address form available on our website [www.gov.je/statesemployeepension](http://www.gov.je/statesemployeepension)

## CONTACT DETAILS AND FURTHER INFORMATION

For more information on any aspect of the Public Employees Contributory Retirement Scheme please refer to our website [www.gov.je/statesemployeepension](http://www.gov.je/statesemployeepension)

You may wish to email [pecrs@gov.je](mailto:pecrs@gov.je)

Alternatively, call us on **(01534) 440227**

*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.*

## DATA SHARING AND THE UK NATIONAL FRAUD INITIATIVE

The Public Employees Contributory Retirement Scheme shares member information with other States Departments and participates in the UK National Fraud Initiative. As well as protecting the Scheme 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 dealt with in line with the relevant legislation and best practice guidance.

### Public Employees Contributory Retirement Scheme

The Dedicated Pensions Unit  
Treasury and Resources Department  
Cyril Le Marquand House  
P.O. Box 353  
St. Helier  
Jersey, JE4 8UL

States  
of Jersey

