



YOUR PENSION

For Deferred and Retired members of the Public Employees Pension Fund

ISSUE 2 — AUTUMN 2017

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Your pension increase

2% in 2017 paid in February 2017

During the twelve months to September 2016 the All Items Retail Prices Index (RPI) for Jersey increased by 2% and your benefits increased by this amount.

From 1st January 2019 the pension increase could be reduced to below full inflation dependant on the financial position of the Fund.

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 dependent on investment returns and there being enough funding in the scheme for an increase to be affordable.

Changes to the pension increase

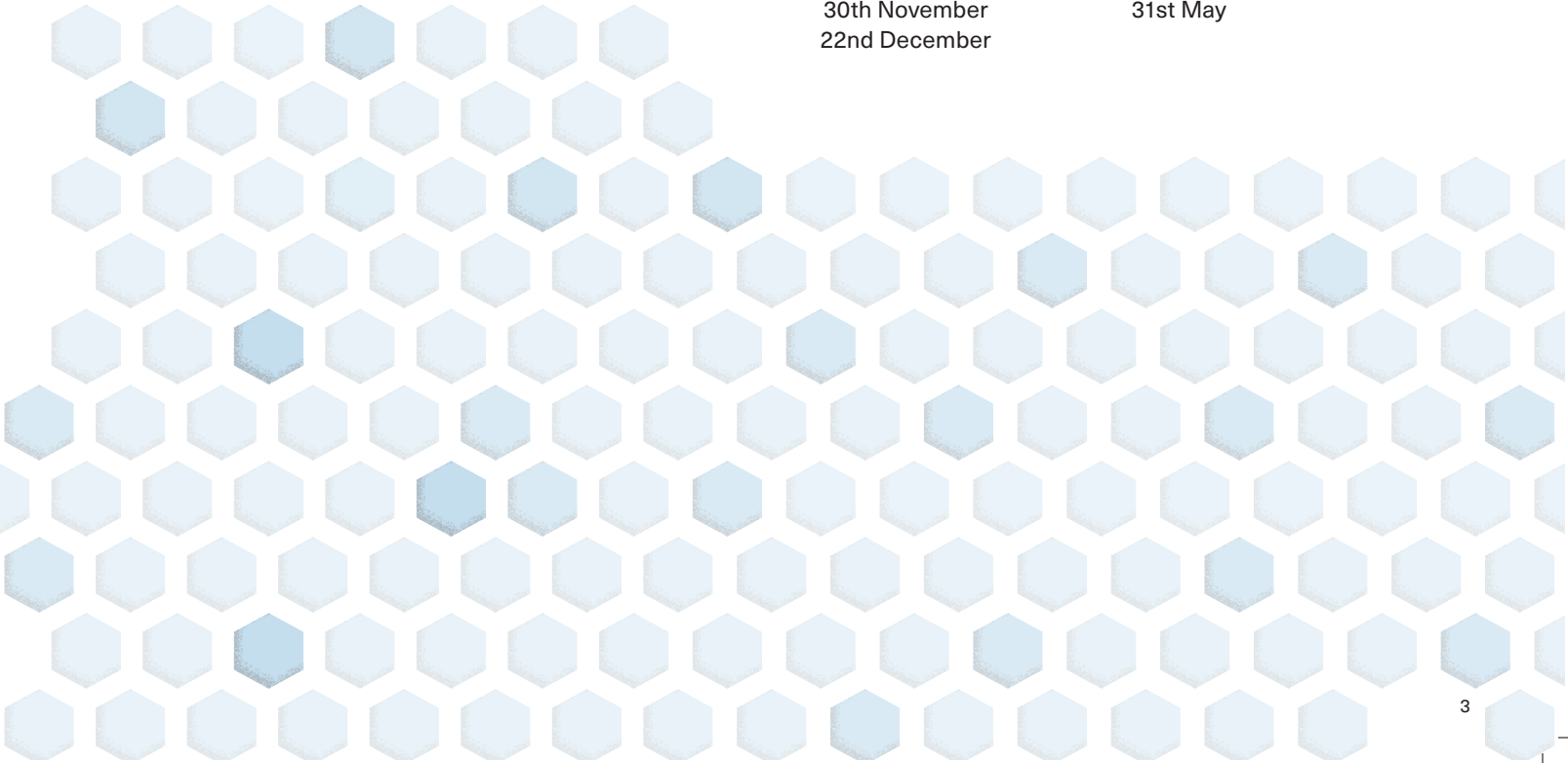
In January 2017 your pension was increased in line with the full Jersey Retail Price Index as released in September 2016

An Actuarial Valuation was performed at the end of 2016. By 2018 we will have received the outcome of the actuarial valuation and will be able to inform you whether your pension will continue to be increased by the full increase in Jersey Retail Price Index.

FUTURE PENSION PAY DATES












We will pay pensions monthly on the following dates

2017	2018
31st July	31st January
31st August	28th February
29th September	30th March
31st October	30th April
30th November	31st May
22nd December	



Your benefit administration

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

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

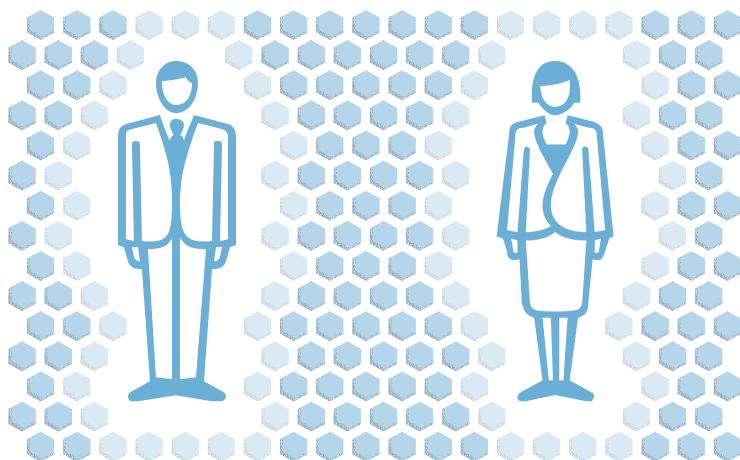
FIND OUT MORE

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 under Public Employees Contributory Retirement Scheme (PECRS) / PECRS forms and publications

Future pensioner representatives on the Committee of Management

TO BE APPOINTED

TO BE APPOINTED



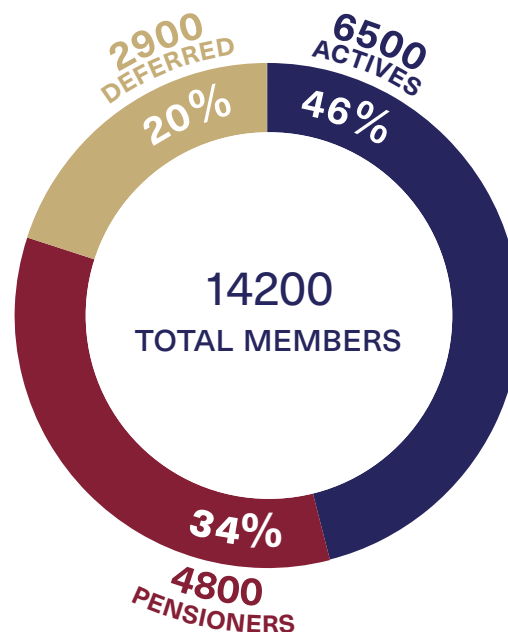
Scheme Regulations introduced in 2016 made it a requirement for the Committee of Management to have two Pensioner Representatives on the Board.

As pensioner members make up around 34% of the total membership of the scheme, it was felt important that their interests are represented accordingly.

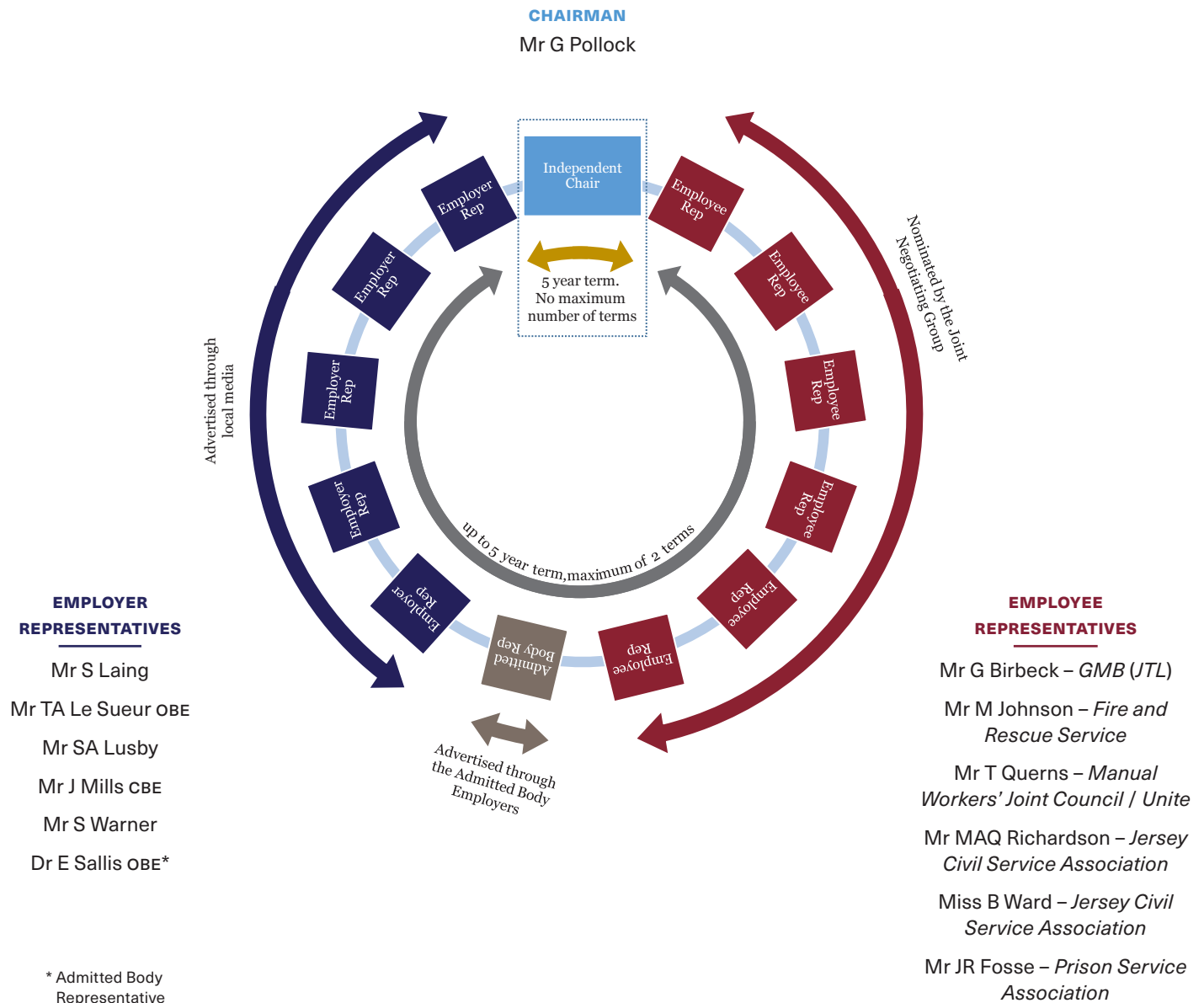
The role of Pensioner Representative will be advertised when an employee representative of the Committee leaves their position. The role is voluntary and formal training will be provided in respect of the role and the legislation governing the scheme.

SCHEME MEMBERSHIP REPRESENTATION

Around 34% of the membership are currently pensioner members which is an increase of 4% from 2016. In future, the Committee of Management will have pensioner representatives to represent the increasing pensioner membership.



The current Committee of Management



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 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.



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 under Taxes and your Money / Income Tax / Individuals' Tax Information / Your personal income tax return.

Your Social Security Pension

If you have a deferred pension and 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

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>

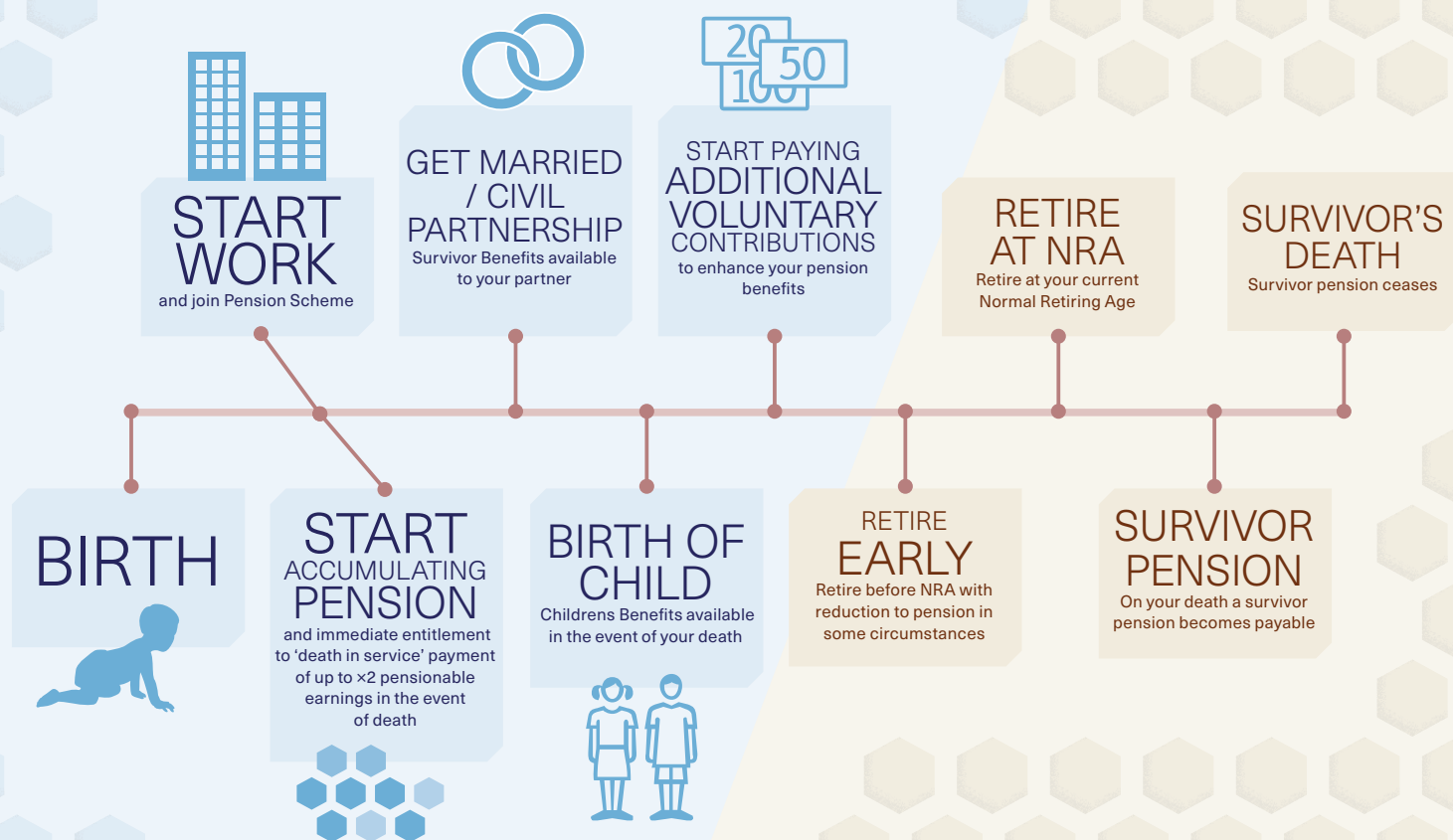
FIND A LOST PENSION

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

Your Pension Life Cycle



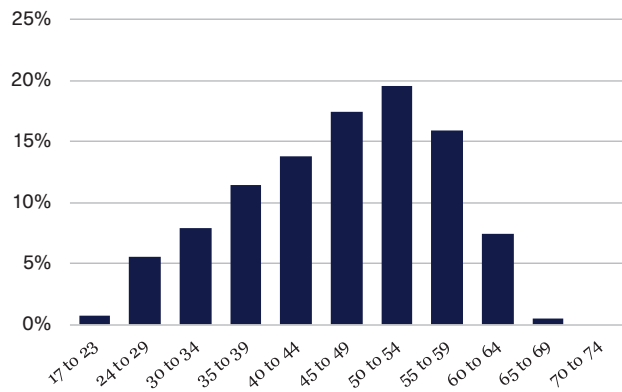
The benefits shown above are reliant on certain qualifying and eligibility criteria. In the event of any dispute over benefits, the appropriate legislation will prevail. This newsletter does not confer any contractual or statutory rights and is provided for information purposes only.

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.

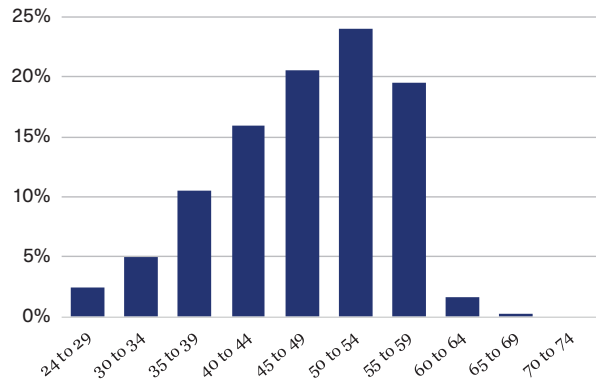
ACTIVES

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



DEFERRED

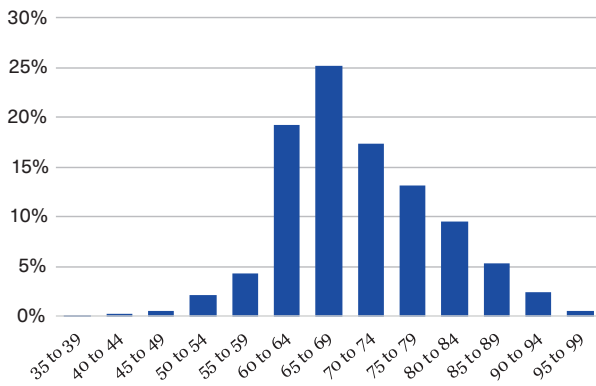
82% of deferred members are over the age of 40.



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



Frequently asked questions

DEFERRED MEMBERS

1. What is a Deferred pension?

If you leave pensionable service before being eligible to receive payment of your benefits, the benefits you have built up to the date of leaving will be preserved. Your benefits will then receive an annual pension increase and will generally become payable as a pension from 5 years before your normal retiring age.

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 most members, this will be age 60, but for members who joined on or after 1st January 2006 it will be age 65.

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

At present 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, reduced or unreduced. 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);

- Your deferred benefits cannot be made up in part by a transfer in.

If you are interested in converting your deferred benefit into a lump sum, please contact the DPU.

Once you reach the age of 60, the limit to the total value of your pension you can convert into a lump sum increases to £30,000

PENSIONER MEMBERS

1. What date does my pension get paid?

Your pension is paid in 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 September RPI.

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

If you die and you have not remarried after retirement, your spouse will receive ½ of your pension disregarding 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 1 January	1,732.7	1,833
DEALINGS WITH MEMBERS		
Employer Contributions	63.3	44.4
Member Contributions	17.5	18.3
Benefits and payments to leavers	-73.2	-82.5
TOTAL	7.6	-19.8
EXPENSES		
Benefits administration expenses	-1.4	-2.1
Investment expenses	-21.5	-11.9
TOTAL	-22.9	-14.0
INVESTMENTS		
Change in market value of Scheme investments	103.2	122.1
Investment income	12.4	13.8
TOTAL	115.6	135.9
Movement during year	100.3	102.1
Value of the Scheme assets at 31 December	1,833.0	1935.1

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

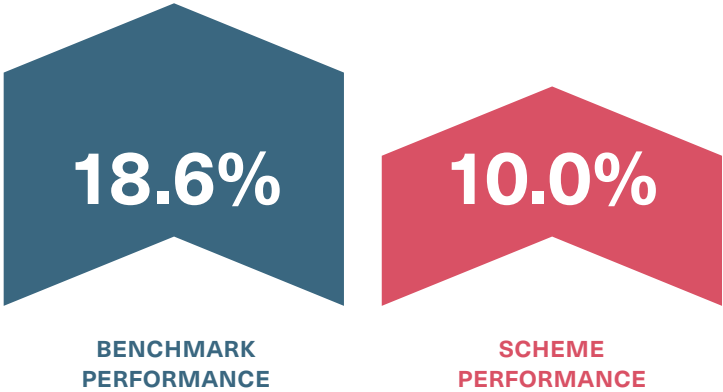
The Fund publishes an Annual Report that provides further information on the accounts and the fund activity during the year. The Annual report can be found at <http://www.gov.je/>

The investments explained

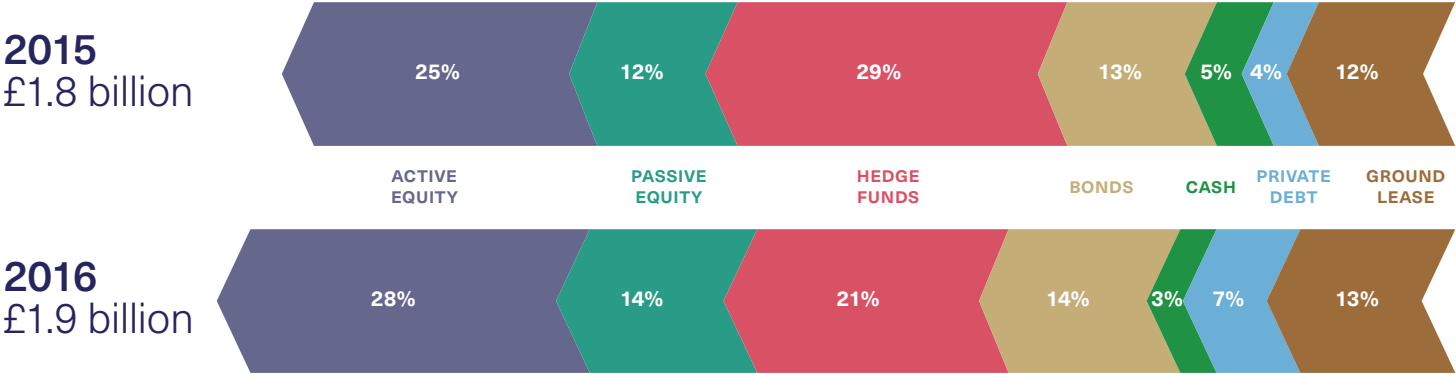
Although the Fund increased in value by 10.0% over the past year; this represented underperformance against the Fund specific benchmark of 18.6% as managers struggled in a strongly growing market. The Investment Subcommittee works closely with Mercer, the investment consultant, to monitor and manage 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

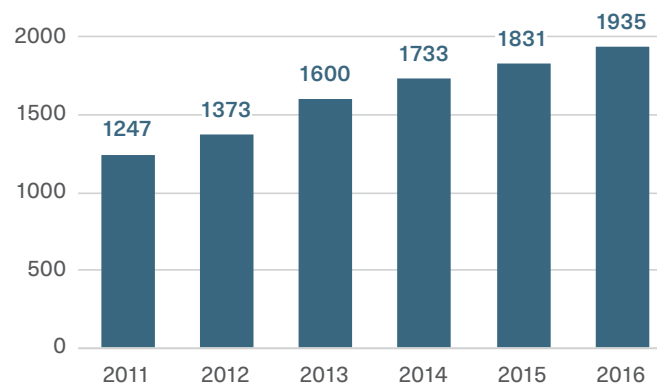
As a result of the overall strategic monitoring of the fund's asset allocation and the day to day management of the investments the following changes occurred during the year.

- 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

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/statesemployeespension

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 or completing the change of address form available on our website www.gov.je/statesemployeespension

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/statesemployeespension

You may wish to email 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

