

# Leaving Employment before Retirement

This leaflet is about the benefits on leaving the Career Average Scheme when a member leaves employment before retirement.

On leaving, before completing 5 years' service, there are three options available to you:

1. You can choose to keep your benefits in the Career Average Scheme. This is known as a deferred benefit and will increase each year in line with the Jersey Retail Prices Index (subject to the Scheme's ability to pay). If you defer payment of your pension you may be eligible for a one off lump sum of those benefits, see the guidance document titled "Deferred pension commutation guidance" for more information.
2. You may be able to transfer your benefits to a new pension arrangement, or
3. You will normally be able to claim a refund of your contributions, less a 10% deduction for tax. You **will not** be entitled to receive any of the employer's contributions paid in respect of your service.

If you leave employment after completing 5 or more years' service then you will not be eligible for a refund of contributions, but you will remain eligible to transfer your benefits or retain them in Career Average Scheme as a deferred benefit.

To let the Pensions Team know what you would like to do with your benefits in the Career Average Scheme you will need to complete the online form which can be found on [www.gov.je/yourpension](http://www.gov.je/yourpension), on the page titled 'Retiring from or leaving a public service pension scheme'.

You need to be aware that if you re-join the Scheme and merge your deferred benefit with your new active member pension record, the amount of pensionable service attributable to your deferred benefit will become part of the pensionable service you accrue as an active member. So if you were previously a member of the Career Average Scheme for 4 years, left employment and deferred your benefit, on your return to pensionable employment the 4 years' service will become part of the pensionable service you accrue in your current service. If you work for 1 year or more, accruing 5 or more years' service, you will lose your right to a refund of contributions.

**Please Note:** if you leave employment and subsequently return to pensionable employment in the same category (Ordinary to Ordinary or Uniformed to Uniformed), we will re-open your deferred record and use it for your new active pensionable employment. This will mean that you will lose your right to any leaver benefits on the previously deferred pension record as you will now be building up benefits on that record under your new employment.

## Choosing a Deferred Pension

### What will happen to my benefits if I choose to defer?

The amount of pension you build up in your active member record, up to the date you leave employment, will be retained on your member record and you will have what is known as a deferred benefit. Your deferred benefit is then held in the Scheme until you either decide to transfer out, request a refund of contributions (if you have less than 5 years' service), or the deferred benefit becomes payable.

## How is a deferred benefit worked out?

Your deferred benefit in Career Average Scheme is the value of the pension built up whilst you were an active member.

Your deferred benefit will include:

- ❖ accrued pension from any pensionable, or notional pensionable, earnings that you receive whilst an active member of the Scheme;
- ❖ additional pension arising from a transfer-in; and
- ❖ additional pension purchased through Additional Voluntary Contributions.

## How does a deferred benefit keep its value?

Your deferred benefit will increase every year in line with the Jersey Retails Prices Index. Once your deferred benefit is in payment it will continue to receive annual increases, all increases are subject to the Scheme's ability to pay.

## When will a deferred benefit be paid?

As an Ordinary Member of the Scheme your deferred benefit would be payable from your Normal Pension Age, which will be automatically linked to the new island wide Jersey State Pension Age which is due to rise from age 65 to age 67, phased in from 2020.

As a Uniformed Member then your deferred benefit would be payable from your Normal Pension Age of 60.

Your deferred benefit can also be paid earlier than your Normal Pension Age if you choose. As an Ordinary Member this would be up to 10 years before your Normal Pension Age and for a Uniformed Member this would be up to 5 years before your Normal Pension Age.

If you choose to take your deferred benefit before your Normal Pension Age your benefit will be reduced to take account of being paid for longer. The amount of reduction will be based on guidance supplied by the Scheme Actuary. It is important to contact the Public Employees Pensions Team in advance of your intended retirement date so that they can provide you with more details.

## Deferred Commutation

If you would like information about converting your deferred benefit in to a one off lump sum please see our Guidance note for the commutation of pension benefits into a one off lump sum available on [www.gov.je/yourpension](http://www.gov.je/yourpension) on the page 'Retiring from or leaving a public service pension scheme'.

## What will happen if I die before receiving my deferred benefit?

If you die as a deferred member, the following benefits will be payable:

## A survivor's pension.

A survivor pension is paid to a surviving partner or to a dependant. A surviving partner would be your spouse, registered civil partner or, subject to certain qualifying conditions, your co-habiting partner. This pension is payable immediately after your death for the rest of the survivor's life and will increase each year in line with the Jersey Retail Prices Index (subject to the Scheme's ability to pay). A survivor pension is equal to one-half of your deferred pension calculated when you left the Scheme and including the pension increases up to the date of your death.

## Children's pension

A pension will be payable, equal to one-half of the survivor pension, for each child up to a maximum of two children. Where there are more than two children the survivor pension will be split evenly between each child. The child's pension will be doubled if there is no surviving partner.

## What happens to my deferred benefit if I return as an active member?

If you leave the Career Average Scheme as an Ordinary Member and return as an Ordinary Member, or leave as a Uniformed Member and return as a Uniformed Member, and you previously deferred your benefit, on returning to service we will reopen your deferred record and you will continue to build up pension on that record. If you remain in the same member category you will only have one record throughout your membership in the scheme.

However, if you left as an Ordinary Member and returned as a Uniformed Member, or left as a Uniformed Member and returned as an Ordinary Member, and you previously deferred your benefit, on returning to service your benefit would remain deferred and would become payable either unreduced at the Normal Pension Age attributable to the deferred benefit or earlier with a reduction.

## Choosing a Transfer Out

### Where can I transfer my pension to?

All members of the Career Average Scheme upon leaving scheme employment are entitled to transfer their benefits to any pension scheme approved by the Comptroller of Taxes.

If you are considering transferring to your new employer's pension scheme, you are strongly advised to speak with your prospective employer about your transfer options.

**Please Note:** If you are considering transferring to a pension arrangement outside of Jersey (whether that scheme is a Qualified Recognised Overseas Pension Scheme defined under UK Law or a member of the Public Sector Transfer Club), the transfer will require the approval of the Comptroller of Taxes before being allowed to proceed.

Transferring your pension rights is not an easy decision to make and you may, therefore, wish to seek the help of an independent financial adviser before you make a decision to transfer.

***Under normal circumstances, if you are a deferred Member of the Fund (because you have left employment) and you request a transfer value quotation, the practice of the Administrator is to guarantee that quotation for a period of 3 months. Whilst the Administrator's intention is for this practice to continue, there may be exceptional circumstances arising as a result of the COVID-19 pandemic which mean that the practice is altered. We will keep the situation under close review.***

Where a transfer has been made out of the Career Average Scheme, you will lose your entitlement to any further benefits from the Scheme and so would any person who might receive benefits from the Scheme should you die. For further information please see our leaflet titled "Transferring Benefits out of the Scheme" on the website.

## Choosing a Refund of contributions

How is a refund of contributions worked out?

If you leave the Scheme before completing 5 years' service you can choose a refund of your contributions. A refund of contributions will include:

- ❖ any pension contributions you have paid, and
- ❖ any AVCs you have paid.

A refund of contributions will have a deduction of 10% for tax purposes to take account of any tax relief gained when the contributions were paid into the Scheme.

Where a refund of contributions has been made from the Scheme in respect of your benefits in Career Average Scheme, you will lose your entitlement to any further benefits from the Scheme and so would any person who might receive benefits from the Scheme should you die.

If you are requesting a refund of contributions and you have transferred in pension from a UK transferring arrangement, you will need to contact the PEPT to enquire as to what contributions you will receive.

You are **not** entitled to a refund of the employer contributions.