

Guidance note for the commutation of pension benefits into a one off lump sum

The Teachers Superannuation (Existing Members) Order 1986 and Teachers Superannuation (New Members) Order 2007 allows a deferred member of the Jersey Teachers Superannuation Fund (JTFSF) to commute their deferred benefits into a lump sum where the capital value of those benefits does not exceed £19,000.

The legislation relating to all members of the JTFSF allows active and deferred members, who are over the age of 60, to convert their benefits on retirement into a lump sum where the capital value of those benefits does not exceed £35,000.

The capital value is not the value of the pension which would be paid to you in retirement but is an estimate, based on an actuarial calculation, of the cash value of your benefits in the JTFSF.

In the event of any dispute over your benefits, the appropriate legislation will prevail as this leaflet does not confer any contractual or statutory rights and is provided for information purposes only. The leaflet may not be relied upon to claim entitlements greater than those provided for under the Scheme's legislation.

Deferred Members

Under the age of 60.

In order to commute your deferred benefit into a one off lump sum up to the value of £15,000, there are 4 conditions that have to be met.

1. you **must not** have commenced drawing any of your deferred pension;
2. your employer **must not** be making any contributions on the member's behalf to another approved Jersey scheme;
3. The capital value of your deferred benefits **must not** exceed £15,000; and
4. Your deferred pension **must not** include a Transfer In from another pension scheme.

If you and your deferred pension satisfy the above conditions you can receive your deferred pension as a one off lump sum.

If you are an active member with a deferred pension you cannot take your deferred pension as a lump sum where the total value of the lump sum would be under £59,000. This falls under point 2 above which is a condition set out under the Income Tax (Jersey) Law 1961 (as amended).

Please note: Your one-off lump sum is not taxed on payment, therefore you will have to declare it on your income tax return as an income in the year of receipt.

If you wish to apply for a one off lump sum, you will need to complete our online form which can be found on www.gov.je/yourpension on the page titled 'Retiring from or leaving a public service pension scheme'.



Over the age of 60.

In order to commute your deferred benefit into a one off lump sum up to the value of £50,000, there are 2 conditions that have to be met.

1. You **must not** have commenced payment of any deferred benefits;
2. Your deferred pension **must not** include a transfer in from another pension scheme; and

If all of the conditions have been met you can receive your deferred pension as a one off lump sum with the following deduction for tax, 70% of the lump sum will be taxed at 10% and the remaining 30% will be tax free.

Please Note: A member who takes receipt of the capital value of their deferred benefits on retirement in the form of a lump sum relinquishes any rights to any further benefits under the scheme including those of any potential beneficiaries. It is strongly recommended that any deferred members who are considering taking their deferred pension as a lump sum discuss their intentions with any potential beneficiaries in the event of their death.

Quotations

As a deferred member, if you apply to the Public Employees Pension Team (PEPT) for a quotation to commute your deferred benefits into a lump sum, that quotation will be valid for a maximum period of 3 months from the date of quotation. The PEPT will not issue you with any further quotations for a deferred pension lump sum in that 3 month period. Once the 3 month period has lapsed you will be able to request a further quotation.

The PEPT will not undertake a quote for an active contributing member until they have received the member's leaver form from the relevant HR department. Only once the leaver form has been received, along with a request from the member, will the PEPT issue a quote to the member. That quote will also be valid for a period of 3 months and only after that three month period has lapsed will the member be able to request a further quote.

Please note: You will only be able to apply for payment of the capital value of your deferred benefits into a lump sum once you have left the scheme and deferred your pension.

Active Members

Over the age of 60.

Under the JTSF Legislation an active contributing member, who is over the age of 60, can convert their pension benefits on retirement into a lump sum where the capital value of those benefits does not exceed £50,000.

Where the member is over the age of 60, the same conditions for converting deferred benefits into a lump sum apply to active members.



If all of the conditions have been met you can receive your retirement pension as a one off lump sum with the following deduction for tax, 70% of the lump sum will be taxed at 10% and the remaining 30% will be tax free.

Please Note: A member who takes receipt of the capital value of their retirement benefits in the form of a lump sum relinquishes any rights to any further benefits under the scheme including those of any potential beneficiaries. It is strongly recommended that any deferred members who are considering taking their deferred pension as a lump sum discuss their intentions with any potential beneficiaries in the event of their death.

Quotations

The PEPT will only undertake a quote for an active contributing member where the following conditions are met.

- You have to be over the age of 60;
- The PEPT must have received a relevant retirement form from your HR department or a request from you to commute your deferred pension;
- If you are retiring from active service, the date of retirement has to be within a maximum of 3 months from the date of receiving the retirement form; and
- You must have made a request to the PEPT in writing.

The quote will be valid for a maximum period of 3 months from the date of quotation. No further quote for a lump sum will be issued to you within that 3 month period. Once the 3 month period has lapsed you can request a further quotation.



