

# Early and Late Retirement Adjustments

## Retiring before your Normal Pension Age.

All members of the Public Employees Pension Scheme have the ability to retire before their reach their Normal Pension Age (NPA).

For members who come under the heading of “ordinary member” you can retire up to 10 years before your NPA. To find out what your NPA is as an ordinary member you will need to go to [www.gov.ie/pensions](http://www.gov.ie/pensions) and find out about the changes to the state pension age.

If you are a uniformed member your NPA will be age 60 and you will be able to retire from age 55.

If you choose to take your benefits before your NPA your benefits will be reduced to take account of them being paid earlier and for longer. The amount of reduction your pension will receive is based on information supplied by the Scheme Actuary.

The following table shows the reduction to a member’s pension for each year they decide to retire earlier than their normal pension age.

### Uniformed Member

Years retiring earlier than NPA	Reduction Percentage	Remaining Pension Amount
0	0%	100%
1	4.4%	95.6%
2	8.4%	91.6%
3	12.2%	87.8%
4	15.8%	84.2%
5	19.1%	80.9%

### Non Uniformed Member

Years retiring earlier than NPA	Reduction Percentage	Remaining Pension Amount
0	0%	100%
1	5.1%	94.9%
2	9.8%	90.2%
3	14.1%	85.9%
4	18.1%	81.9%
5	21.8%	78.2%
6	25.3%	74.7%
7	28.4%	71.6%
8	31.4%	68.6%
9	34.2%	65.8%
10	36.8%	63.2%

## Retiring after your Normal Pension Age.

If you want to carry on working beyond your Normal Pension Age your benefits will attract an enhancement as you will be delaying the payment of benefits to a later date meaning that they may be paid for a shorter period. The amount of enhancement your pension will receive is based on information supplied by the Scheme Actuary. **Please Note:** The latest age a person can retire under the Income Tax (Jersey) Law 1961 (as amended) is age 75.

The following table shows the enhancement to a member's pension for each year they decide to retire earlier than their NPA.

### Uniformed Member

Years retiring later than NPA	Enhancement Percentage
0	0.0%
1	3.5%
2	7.1%
3	11.1%
4	15.3%
5	19.8%
6	24.7%
7	29.9%
8	35.5%
9	41.5%
10	48.1%
11	55.2%
12	63.0%
13	71.4%
14	80.6%
15	90.7%

### Non Uniformed Member

Years retiring later than NPA	Enhancement Percentage
0	0.0%
1	4.1%
2	8.6%
3	13.4%
4	18.6%
5	24.3%
6	30.4%
7	37.1%
8	44.4%
9	52.5%
10	61.3%

**Please Note:** Deferred pensions will **not** receive the late payment enhancement.

## Reason for Actuarial Reduction

The purpose of applying an actuarial reduction is to protect the Pension Fund against a loss of funding. All Scheme members have a date from which their benefits are expected to be paid out, this is known as their Normal Pension Age (NPA).

The NPA is a set age for all members and as such the amount of contributions paid by both the employee and the employer including the investment returns received by the Pension Fund over the period that the employee is a member of the Scheme, should be sufficient to ensure that by the time the member reaches their NPA, there is sufficient money in the Fund to pay the members benefits for the rest of their lifetime, also the lifetime of any survivors in the event of the members death.

Where benefits are paid from an earlier date than the members NPA, the members pension has to be paid for longer. In order to offset the additional time for which the pension is being paid out, benefits are reduced so that less is paid over a longer time. Effectively, this allows the Fund to pay out an equivalent amount of pension over the lifetime of the member.

In developing the reduction percentages, the Scheme Actuary uses assumptions to life expectancy to give an average length of time a member survives in retirement, as there is no way in knowing how long a pension is going to be paid out for.

## Reason for Actuarial Increase

The purpose of applying an increase to a member's pension where they remain in employment beyond their NPA is due to the pension being paid for a potentially shorter period and the continuation of contribution payments beyond the members NPA.

The contributions paid by the member and the employer up to the members NPA, and the investment return on those contributions, should be sufficient to pay the full pension at NPA for the life of the member.

Where a member continues paying into the Scheme beyond their NPA the Pension Fund is receiving additional contributions meaning they will also create additional investment. The combination of the shorter payment period with the additional contributions and investment creates additional money in the Fund. This additional money is applied to the member's pension in the form of an enhancement.