

# Retirement Arrangement and Planning

## New Members Order

Your teacher's pension is an important part of your remuneration package. The information in this leaflet is to help in planning for your retirement by informing you about the options the Jersey Teachers' Superannuation Fund (JTSF) can offer. It does not constitute advice and you are strongly advised to consult an independent advisor before making any retirement plans.

This leaflet only relates to teachers who were first employed on or after 1 January 2007. The Fund rules are contained in the applicable legislation and where there is any difference between that legislation and the information in this leaflet the legislation will prevail.

### Qualification period

To qualify for retirement benefits, you must have a minimum of two years' continuous teaching service.

### Normal Retirement Age

Teachers who joined the JTSF under the New Members Order have a Normal Retirement Age (NRA) of 65.

### Types of retirement

#### Retirement at NRA

When you reach your NRA or from the day after you leave pensionable employment (whichever is the later) you will be able to receive your retirement benefits in full.

**Please note:** If you continue in teaching after your NRA, the service that you build up cannot be treated as pensionable and will not be taken into account in the calculation of your pension.

#### Retiring before NRA with an Actuarially Reduced Benefit (ARB)

If you want to retire before your NRA you have the option to receive your benefits from age 60.

In order to access early payment of your benefits, you must first obtain consent from your employer to leave employment before your NRA. If you have been given consent, your reduced benefits will be paid from the day after the last day of your pensionable employment.

As an active member, for every year you leave teaching earlier than your NRA your pension will be reduced by 2.4%, with a maximum 12% reduction in pension for retiring 5 years early.

If you left teaching and deferred your benefits, you may choose the date from which the benefit is paid. If that date is earlier than your NRA, then your pension will be reduced by a cost neutral percentage supplied by the Funds Actuary.

## Ill-health Retirement

If you have to leave teaching due to illness or injury before you reach your NRA you may be eligible to receive immediate payment of your benefits through ill health retirement.

Further information is available in the leaflet 'Ill-Health Retirement Benefits'

## How retirement benefits are calculated

Your benefit will consist of an annual pension and an option to commute up to 30% of your pension in favour of a tax-free lump sum. Your annual pension will be calculated using your final pensionable salary, multiplied by your pensionable service and divided by your accrual rate.

### Final Pensionable salary

Your Final Pensionable salary calculated as your pensionable salary over the best 365 consecutive days during the three years of pensionable service preceding the day on which you cease to be a teacher.

### Pensionable Service.

Pensionable service is your length of Scheme membership measured in years and days. It can also include extra service credited to you under a transfer from another pension arrangement, and extra years purchased if you pay additional voluntary contributions.

### Accrual Rate

The accrual rate is the rate at which your pension builds up for each year of pensionable service. In the New Members Order the accrual rate is 1/80<sup>th</sup>.

### An example of a pension calculation.

A teacher retires at age 65 and at that time they have completed 30 years' Pensionable Service. Their final pensionable salary at retirement is £60,000.

Their pension is calculated as:

$$\frac{\text{Average Salary} \times \text{Pensionable Service}}{80} \quad \text{or} \quad \frac{\text{£60,000} \times 30}{80} = \text{£22,500 per annum}$$

### Lump sum

You can receive part of your retirement benefit as a lump sum by converting (commuting) part of your pension into cash. You can currently commute up to 30% of your pension for a tax-free lump sum. For each £1 commuted you will receive £13.50. Please note that this conversion rate could change in future.



# Increasing your benefits

## Additional pension

You can pay Additional Voluntary Contributions (AVCs) which will buy extra pensionable service while you are in pensionable employment. You can pay AVCs via a regular monthly payment to increase your benefits. Further information is available on request from the Public Employees Pensions Team (PEPT).

## Other pension arrangements

Subject to the application of tax rules, members of the JTSF may contribute to any other pension arrangements as well as contributing to the JTSF.

If you are considering paying into another pension arrangement, you may wish to consult an independent financial advisor in the first instance.

## Transferring in

If you have accrued pension benefits in another scheme, it may be possible to transfer them into the JTSF.

For further information see the 'Transfers in' leaflet

# Index-linking of Pension

We review all pensions in payment and deferment annually. Every January we aim to increase all pension in payment and deferment using the Jersey Retail Prices Index figure for December of the previous year. **There is no guarantee within the Fund that pensions will be increased. Index-linking is dependent on the satisfactory performance of the Fund.**

# How to apply for benefits

To apply for your pension benefits you will need to complete our online form available on the Funds website [www.gov.je/yourpension](http://www.gov.je/yourpension) on the page titled 'Retiring from or leaving a public service pension scheme'.

You should aim to complete and submit your retirement application early, at least four months before your retirement date as many members retire at the end of school term.

## Multiple employments

If you are in part-time employment with more than one participating employer in JTSF, when you apply for retirement benefits, there must be a common retirement date agreed with all your employers.



An application form must be completed for each employment.

#### Payments of benefits

The lump sum (if applicable) is paid on your retirement date.

#### Payment of pension

You will be paid your pension monthly by BACS. Where practical, payment will be made the first month end after your retirement date.

## Returning to work as a teacher after receiving a teacher's pension

You must inform the PEPT immediately in writing if you take up any teaching employment after you have retired and are in receipt of a retirement benefit.

If you are in receipt of an ill-health pension and you return to teaching, the Ill Health Sub Committee of the JTSF Management Board will review your ill health retirement and may reduce or cease your ill health pension.

## Commuting your pension in to a one off lump sum

In order to commute your deferred benefit into a one off lump sum up to the value of £35,000, there are 3 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
3. The combined amount of the capital value of your deferred pension and any other lump sum you may have taken under the same provision as set out under Article 131CE of the Income tax (Jersey) Law 1961 **must not** exceed £35,000.

To explain point 3 further, if you have taken a previous lump sum, from the JTSF or another pension scheme, the value of that commutation will be included when considering if you are eligible for the lump sum.

Below shows an example where a member has previously commuted a pension:

- Capital value of previous pension at retirement taken as a lump sum = **£15,000**
  - Capital value of deferred benefits in JTSF taken as a lump sum = **£22,000**
- Total value of combined lump sums = **£37,000**

Even though both lump sums are under the £35,000 limit, the combined value is over and therefore you would be ineligible for commuting the capital value of your JTSF deferred benefits on retirement into a lump sum.



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.

## Pension Payments and Taxation

If you retire and remain living in Jersey then your pension will not receive a deduction for tax. Each year you will have to inform Revenue Jersey of your pension income on you tax return. You can if you wish request for tax to be deducted from your pension at source, you need to discuss this with Revenue Jersey.

If you retire and opt to live outside of Jersey then the pension team will have to deduct 20% tax from your pension. If you can pay tax on your pension income in the country that you have moved to then you will need to contact Revenue Jersey to understand how to have your pension paid without deduction of tax.

If you are a pensioner who has moved to live in another country then you will need to inform the pensions team so that they can start to deduct 20% tax from your pension. The pension team reserve the right to reclaim unpaid tax from the date you move out of Jersey.

## Contact Details

You can contact us regarding any advice you may require using the details below.

Public Employees Pension Team  
Treasury and Exchequer  
Union Street,  
St Helier,  
Jersey,  
JE2 3DN

**Telephone:** (4)40227, available Monday to Friday from 9am to 5pm

**Email:** [pept@gov.je](mailto:pept@gov.je)

**Website:** [www.gov.je/yourpension](http://www.gov.je/yourpension)

