

# Explanatory note about transferring benefits to a new pension arrangement

This note is a summary of the process for transferring benefits out of the Career Average Scheme when you leave the service of an employer who participates in the Career Average Scheme. If, having read this note, you would like further information, please contact: The Public Employees Pensions Team (“PEPT”) using the contact details at the end of this guidance.

## When am I entitled to a take a transfer out under Career Average Scheme?

The transfer out provisions apply to any member who is leaving the employment of the Government of Jersey, or of another scheme employer, or any member who has already left and deferred their benefits.

In order to request a Transfer Out of 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’. The PEPT will then issue you with an estimate of your transfer value.

## Are there any deadlines for requesting a transfer out?

There are no deadlines for transferring out of the Career Average Scheme, you can transfer out at any point after leaving the scheme. The only deadline that may be relevant is where you are considering transferring to another public service pension scheme in the UK.

If your transfer is under the UK Public Sector Transfer Club, you have 12 months on becoming eligible to join or re-join your new scheme to confirm that you wish to proceed with your Club transfer. If you do not confirm within the 12 month time limit that you wish for the transfer to proceed, your benefits will be transferred on a non-Club basis and you may receive a lesser amount of pension as a result.

**We highly recommend that you seek independent financial advice on any proposed transfer out of Career Average Scheme, so you understand the implications of transferring to a new arrangement and what this means for you.**

## How will the transfer value be calculated?

A transfer value is calculated as being the total amount of money required now to provide the pension benefits you have built up in the Fund up to the date of the quotation. The calculation also takes into account all future payments they would be entitled to over the course of your expected future lifetime(s), including any benefits payable upon your death.

To work out the cost of a transfer value, there are various assumptions that have to be made, such as how long the member will live, what future inflation will be and what will be the future returns on the Fund’s investments. These assumptions are made by the Fund’s Actuary and are based on their most recent valuation of the Fund.

**Please Note:** The assumption for the expected return on future investment is reassessed on a quarterly basis and this can mean that transfer values may go up or down significantly.

### **Can I request a transfer out quotation whilst I am still employed and paying into the scheme?**

Yes. Although it will not reflect the actual transfer out value that you would receive on leaving the scheme. If you receive a transfer value whilst in employment, this will only be indicative of the total value of your benefits at date of calculation. This will not be the final amount that you would receive on leaving employment. If you are still contributing into the scheme you can only request 1 transfer out per year. This means that if you have requested a transfer on 1 June 2021 you will not be able to request a further transfer quotation until 1 June 2022.

If you leave and want to transfer out, we will need to recalculate your transfer out quotation. There are a number of factors that can alter the value of your transfer value at date of leaving, for example additional pensionable service up to your date of leaving and/or changes in your salary. The Actuary also reviews certain factors used in the calculation of a transfer every 3 months, which can also affect your transfer out by either increasing or decreasing the value.

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### **Will my transfer out quotation be guaranteed?**

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.

Transfer quotations whilst in employment are not guaranteed, the guarantee period is only for transfer quotations performed after you have left employment.

### **Am I entitled to any benefits from the Career Average Scheme once I have taken a transfer value?**

No, once a transfer value has been paid in respect of you to another pension arrangement, you and any other potential beneficiaries connected with you, are no longer entitled to receive any benefits under the Career Average Scheme.

### **I moved in to the Career Average Scheme from the Final Salary Scheme on 1 January 2019, how does this affect me transferring out?**

A person who moved in to the Career Average Scheme from the Final Salary Scheme on 1 January 2019 is called a transitional member. As a transitional member you have to transfer both your Career

Average Scheme and Final Salary Scheme pension at the same time. The PEPT will send you two quotations based on the same calculation date.

The quotation will only be calculated following the receipt of full and accurate date in relation to both of your pension schemes.

If you left as a transitional member and you have retained deferred benefits in both schemes you will still be required to transfer benefits in both schemes at the same time.

### **Are there any restrictions on the type of arrangement I can transfer out to?**

Yes. At present you can only request a transfer to another retirement arrangement where such transfer is permitted under Article 131CG of the Jersey Income Tax Law or is to a scheme which is a QROPS. In each case the transfer must be permitted under the Regulations. We will check this when you make your request for a transfer out.

If you wish to transfer out of the Scheme to a Public Sector Pension Scheme in the UK through the Public Sector Transfer Club, please contact the PEPT for further information.

**Any transfer out to a scheme not established in Jersey requires the prior approval of the Comptroller of Taxes no matter if that scheme is a QROPS or in the Public Sector Transfer Club.**

### **Can I transfer out of the Career Average Scheme to a retirement trust scheme (formerly a retirement annuity trust)?**

If you are eligible to make a transfer out, then it is possible for a transfer to be made to a retirement trust scheme.

### **Can I transfer out to another Transfer Club arrangement?**

The Career Average Scheme is a member of the Public Sector Transfer Club which is a network of mainly UK based occupational pension schemes in the public sector. Examples of Club schemes include the National Health Service Pension Scheme, UK Local Government Pension Schemes and the Principal Civil Service Pension Scheme. In general, employees can transfer between Club schemes. If you think this may apply to you, please let us know and we can confirm whether it does apply and if so, give you more information about the process.

In order to benefit from the club transfer terms, you must confirm your wish to transfer out of the Career Average Scheme within 12 months of becoming eligible to join or re-join your new scheme. After the expiry of 12 months the 'non club' transfer terms will apply.

Please contact the PEPT as soon as you are considering transferring your benefits out of the the Career Average Scheme into your new pension arrangement via the Public Sector Transfer Club.

### **What if my benefits are restricted by the ROPS legislation?**

If your benefits include a transfer in from a UK scheme it may be restricted by the provisions of ROPS legislation and any restrictions attached to the transfer in from the UK will need to flow through on any transfer out. For example, if your transfer out includes any transferred in UK pension, it will not

be possible to obtain any retirement benefits before you have reached the age of 55 from the element of your pension benefits transferred in from the UK.

### **How long does the transfer process take?**

Once the PEPT has provided a transfer value and we have agreed the arrangements for transfer with the trustee or administrator of the scheme where the transfer is being made to, it should be possible to arrange a transfer within 3 months. However, you should note that transfers can take up to 12 months to conclude and delays can arise if it proves difficult to make contact with the administrators of the receiving scheme.

### **Payment of the transfer values to your new pension provider**

Transfers payments will be made by BACS payments.

If we receive confirmation to proceed with the transfer before 5pm on Tuesday then the payment to your new pension provider will be made on the Monday of the following week.

If we receive confirmation after Tuesday then the payment to your new pension provider will not occur until the Monday of the second week after receiving notification to proceed with the transfer.

### **Transfer Value Analysis Report**

If you are considering transferring your Career Average Scheme benefits to a defined contribution scheme i.e. Retirement Trust Scheme, Personal Pension Plan etc, it is **strongly recommended** that you or your financial advisor obtain a Transfer Value Analysis Report ('TVAR') from an independent actuary to help you in making the decision to transfer your Career Average Scheme benefits to another pension provider.

The TVAR provides an indication of the long-term retirement benefits you may reasonably expect to receive from the Career Average Scheme compared to the possible benefits which may be derived from a transfer to a money purchase arrangement.

### **HMRC Overseas Transfer Charge**

From 9<sup>th</sup> March 2017, the HMRC introduced an overseas transfer charge (equal to 25% of your transfer value) for transfers from schemes established in the UK to overseas QROPS where certain conditions are not met.

If you have transferred a pension in from a UK pension scheme into the Career Average Scheme it will not be liable to the overseas transfer charge as you transferred into an Overseas Public Service Pension Scheme established in a country within the EEA and you would be resident in the country where the pension scheme is established at the date the transfer was paid.

If you are considering transferring your UK transferred in funds from the Career Average Scheme to another QROPS scheme, the HMRC require you to complete a form titled "Member information for the overseas scheme manager (APSS255)", this form is available from the PEPT. This form has to be completed, and returned to the DPU, within 60 days of your transfer request to determine whether your transfer is liable to the overseas transfer charge.

**Please note:** If you don't provide this information to the PEPT within 60 days of your transfer request, your transfer will be subject to the overseas transfer charge and the PEPT will deduct this before making the transfer.

The HMRC defines a transfer request as being made when a member has made a substantive request to the scheme administrator of their pension scheme on which the scheme administrator is required to take action in relation to the transfer. This means an instruction from the member to transfer £X or X% of their pension funds to a named overseas pension scheme. A casual enquiry is not a transfer request.

**Where there is any difference between the legislation governing the Career Average Scheme and the information in this explanatory note, the legislation will apply.**