



Transfer Out Guidance Notes

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This note is a summary of the process for transferring benefits out of the Final Salary Scheme when you leave the service of an employer who participates in the Final Salary 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.

UK HMRC Tax Charge

If you have transferred in pension from the UK, you could be liable for **UK HMRC Tax Charge** if you move off the island following the onward transfer of the UK transferred in pension. Please see the notes at the end of the document. You may also need to complete an APSS255 form, which is a requirement of the UK HMRC.

Who is entitled to take a transfer out under Final Salary Scheme?

The transfer out provisions apply to any member who is leaving Government employment or the employment of any of the admitted employers. Any member who has already left and deferred their benefits in the scheme can also request a transfer out of the scheme.

How can I request a transfer out?

In order to request a Transfer Out of the Final Salary Scheme you will need to complete the online form which can be found on www.gov.ie/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.

When completing the form, it will ask for a payroll number. If you have left employment please enter five 1’s and this should allow you to continue through the form.

Are there any deadlines for requesting a transfer out?

There are no deadlines for transferring out of the Final Salary 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 Final Salary 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.

Will my transfer out quotation be guaranteed?

Where the quotation has been supplied after you have left employment is it normally guaranteed for a period of 3 months.

Transfer quotations whilst you are currently in employment are not guaranteed, the guarantee period is only for transfer quotations performed after you have left employment and deferred your benefits in the scheme.

Am I entitled to any benefits from the Final Salary 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 Final Salary Scheme.

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 the Jersey Income Tax Law and is to a scheme which is a Qualified Recognised Overseas Pension Scheme (QROPS). In each case the transfer must be permitted under the relevant Legislation. 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 irrespective of whether the scheme is a QROPS or in the Public Sector Transfer Club.

Can I transfer out of the Final Salary 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 Final Salary 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 special club transfer terms, you must confirm your wish to transfer out of the Final Salary 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 Final Salary Scheme into your new pension arrangement via the Public Sector Transfer Club.

What if my benefits are restricted by the QROPS legislation?

If your benefits include a transfer in from a UK scheme it may be restricted by the provisions of QROPS 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.

Transfer Value Analysis Report

If you are considering transferring your Final Salary Scheme benefits to a defined contribution scheme i.e. Retirement Trust Scheme, Personal Pension Plan etc., it is **strongly recommended that you seek independent financial advice** and you obtain a Transfer Value Analysis Report ('TVAR') from an independent actuary when making the decision to transfer your Final Salary 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 Final Salary Scheme compared to the possible benefits which may be derived from a transfer to a money purchase arrangement.

HMRC Overseas Transfer Charge

From 9th 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 Final Salary Scheme it will not be liable to the overseas transfer charge as you transferred into an Overseas Public Service Pension Scheme 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 Final Salary 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.

If you choose to transfer your UK pension out of the Final Salary Scheme to another QROPS on Jersey, you will need to remain resident in Jersey. It is a requirement of the HMRC that members remain resident in the same country in which the QROPS is established.

If the both the member and QROPS are resident in the same country the transfer will not be liable to the overseas transfer charge. If the member moves to another country then their transferred in pension will be liable for the payment of the tax charge.

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 Final Salary Scheme and the information in this explanatory note, the legislation will apply.

Contact Details

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