

STATES OF JERSEY



DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY RETIREMENT SCHEME) (FORMER HOSPITAL SCHEME) (AMENDMENT No. 5) (JERSEY) REGULATIONS 201-

**Lodged au Greffe on 20th December 2010
by the Chief Minister**

STATES GREFFE



Jersey

DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY RETIREMENT SCHEME) (FORMER HOSPITAL SCHEME) (AMENDMENT No. 5) (JERSEY) REGULATIONS 201-

REPORT

The Chief Minister is promoting amendments to the Public Employees Pension Scheme, namely the –

- Public Employees (Contributory Retirement Scheme) (Existing Members) (Jersey) Regulations 1989
- Public Employees (Contributory Retirement Scheme) (New Members) (Jersey) Regulations 1989
- Public Employees (Contributory Retirement Scheme) (Jersey) Regulations 1967
- Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Jersey) Regulations 1992.

In order to receive transfer payments from pension schemes registered in the United Kingdom, the Public Employees' Contributory Retirement Scheme (PECRS) must be recognised as a Qualified Recognised Overseas Pension Scheme (QROPS) by H.M. Revenue and Customs.

In December 2006 the Scheme's actuaries advised that legislative changes in the U.K. tax regime, effective from 6th April 2006, meant eligibility for QROPS status could not be achieved unless the minimum retirement age specified in the rules of the Scheme was equal to or greater than the Normal Minimum Pension Age, which was defined by U.K. legislation as age 50 for benefits coming into payment until 5th April 2010 and age 55 after that date.

Therefore, in order to be QROPS compliant, all transfers received into PECRS after 6th April 2006, due for payment after 2010, could only be paid if the individual is aged 55 and above. This would not apply to transfers received after 6th April 2006 which would be due for payment prior to 2010.

The amendments to the legislation ensure that the part of the pension which is not attributable to a transfer value from a U.K. pension scheme is payable from the date the member retires, or from the date the member's employment is terminated. The part

of the pension which is attributable to a U.K. pension scheme is treated as a deferred pension and is payable accordingly, i.e. at age 55.

For example, an employee whose 55th birthday is after 2010 has transferred pension benefits into PECRS from a U.K. scheme since 6th April 2006. Under this scenario, they will not be able to receive benefits due to them in respect of the transferred element of their pension before their 55th birthday. However, they will be able to receive any accrued benefits under PECRS for their employment in the States of Jersey if they exercise their option to retire early before their 55th birthday. This legislation affects 2 employees who have agreed not to draw their benefits from a U.K. transfer until age 55.

Please note the legislation regarding early retirement for uniformed services was amended by legislation enacted on 1st March 2009. The amendment altered the PECRS Regulations so that all future recruits to the uniformed services on or after 1st March 2009 under Category A will have a retirement age of 55, i.e. the option to retire between age 50 and age 55 has now been removed.

These amendments have been discussed and agreed with the PECRS Committee of Management and the Public Employees Pension Scheme Joint Negotiating Group.

Financial and manpower implications

There are no financial or manpower implications for the States arising from the adoption of these draft Regulations.

Explanatory Note

These Regulations amend the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Jersey) Regulations 1992 (“principal Regulations”).

Regulation 1 amends the principal Regulations in respect of certain members who are entitled to a deferred pension, or in the case of female members, a deferred pension and a lump sum. The amendments apply to a member whose deferred pension is wholly or partly attributable to a transfer value paid by a UK pension scheme on or after the date on which these Regulations come into force and who retires under the provisions of another pension scheme on or after that date under the age of 55 years. The part of the pension (including the lump sum if appropriate) not attributable to such a transfer value is payable from the date the member actually retires; the part of the pension (including the lump sum if appropriate) attributable to the transfer value is payable when the member reaches the age of 55.

Regulation 2 sets out the title of the Regulations and provides that they will come into force 7 days after they are made.



Jersey

**DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY
RETIREMENT SCHEME) (FORMER HOSPITAL
SCHEME) (AMENDMENT No. 5) (JERSEY)
REGULATIONS 201-**

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Article 2 of the Public Employees (Retirement) (Jersey) Law 1967¹, have made the following Regulations –

1 Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Jersey) Regulations 1992 amended

In Regulation 8 of the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Jersey) Regulations 1992² –

- (a) in paragraph (3)(a) before the words “when the deferred pensioner actually retires” there shall be inserted the words “subject to paragraph (3A),”;
- (b) after paragraph (3) there shall be inserted the following paragraph –
 - “(3A) If –
 - (a) the deferred pensioner who retires as referred to in paragraph (3)(a) is –
 - (i) a member of another pension scheme, and
 - (ii) a person retiring on or after the date on which the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Amendment No. 5) (Jersey) Regulations 201- come into force under the age of 55 years in accordance with the provisions of that scheme other than for reasons of ill health; and
 - (b) the deferred pension, or in the case of a female member a deferred pension and lump sum, either in whole or in part, is attributable to a transfer value received from a registered pension scheme within the meaning of Part 4 of the Finance

Act 2004 (c.12) of the United Kingdom on or after the date on which the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Amendment No. 5) (Jersey) Regulations 201- come into force,

there shall be payable, from the date that the deferred pensioner actually retires, that part of the deferred pension, or in the case of a female member a deferred pension and lump sum, that is not attributable to the transfer value described in sub-paragraph (b) and, from the date the deferred pensioner attains the age of 55 years, that part of the deferred pension, and where appropriate, that lump sum, that is so attributable.”.

2 Citation and commencement

These Regulations may be cited as the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Amendment No. 5) (Jersey) Regulations 201- and shall come into force 7 days after they are made.

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- ¹ *chapter 16.650*
² *chapter 16.650.24*