STATES OF JERSEY

DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY RETIREMENT SCHEME) (GENERAL) (AMENDMENT No. 11) (JERSEY) REGULATIONS 201-

Lodged au Greffe on 12th May 2011
by the States Employment Board

STATES GREFFE

Jersey

DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY RETIREMENT SCHEME) (GENERAL) (AMENDMENT No. 11) (JERSEY) REGULATIONS 201-

REPORT

The States Employment Board is promoting an amendment to Regulation 11(iii) of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989.

Members may recall that under the Regulations a deficiency disclosed as a result of an actuarial review may be dealt with in a number of ways by agreement between the relevant parties. However, if no agreement is reached a 'default' position automatically applies whereby a reduction or cancellation in the cost of living increases to pensions in payment and deferred pensions is implemented.

The Regulations also allow for the restoration of any such reduction or cancellation, as a result of the default position, where a subsequent valuation (within a 5 year period) discloses a surplus.

The Committee of Management of the Public Employees Contributory Retirement Scheme (PECRS) has requested that the reference to 5 years be amended to 6 years to tie in with the established pattern of having Scheme valuations carried out every 3 years. A 6 year period would enable two future valuations to be taken into account whereas a 5 year period may only cover one valuation. The current 5 years ties in with the requirement under the Regulations to have a valuation at least every 5 years. The 6 year period makes more sense with the COM's practice of commissioning a valuation every 3 years.

Financial and manpower implications

There are no manpower or resource implications arising from these Draft Regulations.

Explanatory Note

Under the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989 (“the General Regulations”), after an actuarial report discloses a deficit in the fund under the Public Employees Contributory Retirement Scheme, the Chief Minister is required to submit to the States proposals for making good the deficit (Regulation 6(3)).

If, 6 months after the report is laid before the States, the Committee of Management and the Chief Minister have not agreed on any such proposals, the Committee of Management is obliged by Regulation 6(3)(e) after a further 3 months to reduce or cancel increases in the pensions paid or deferred under the scheme.

However, if later the fund returns to surplus there is an obligation under Regulations 6(3)(a) and 11 to apply the surplus towards making good the reductions or cancellations that occurred within the 5 years preceding the return to surplus.

These Regulations would amend Regulation 11 of the General Regulations to extend that obligation to cover the reductions or cancellations that occurred within the 6 years preceding the return to surplus.

Jersey

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Made	*[date to be inserted]*
Coming into force	*[date to be inserted]*

THE STATES, in pursuance of Articles 2 and 3 of the Public Employees (Retirement) (Jersey) Law 1967[1], have made the following Regulations –

1 Regulation 11 amended

In paragraph (iii) of the proviso to Regulation 11 of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989[2] for the words “5 years” there shall be substituted the words “6 years”.

2 Citation and commencement

These Regulations may be cited as the Public Employees (Contributory Retirement Scheme) (General) (Amendment No. 11) (Jersey) Regulations 201- and shall come into force 7 days after they are made.

[1] *chapter 16.650*
[2] *chapter 16.650.36*