

STATES OF JERSEY



DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY RETIREMENT SCHEME) (GENERAL) (AMENDMENT No. 12) (JERSEY) REGULATIONS 201-

**Lodged au Greffe on 14th March 2018
by the Chief Minister**

STATES GREFFE



Jersey

**DRAFT PUBLIC EMPLOYEES (CONTRIBUTORY
RETIREMENT SCHEME) (GENERAL)
(AMENDMENT No. 12) (JERSEY)
REGULATIONS 201-**

REPORT

The Chief Minister has approved for lodging *au Greffe* the Draft Public Employees (Contributory Retirement Scheme) (General) (Amendment No. 12) (Jersey) Regulations 201-

It has been identified by the Scheme Actuary that due to a technical change contained within the Public Employees (Pension Scheme) (Transitional Provisions, Savings and Consequential Amendments) (Jersey) Regulations 2015, some difficulty and unfairness has been created regarding the additional costs to the Scheme of paying voluntary early retirement (“VER”) benefit under Regulation 8. This was one of several sets of Regulations simultaneously introduced, whose primary purpose was to create the new career-average pension scheme (“PEPS”) with effect from 1st January 2016, but the opportunity was taken within those Regulations to tidy up a number of the detailed provisions relating to the final salary scheme (“PECRS”) as at the same date.

Although the various sets of Regulations were reviewed on behalf of the Committee of Management by the Scheme Actuary and the Fund’s legal advisers, and at a high level by the Employer’s Actuary, the implications of this particular technical change were not picked up. Following consultation with the Committee of Management, the Scheme Actuary and the Employer’s Actuary, it was agreed that the Regulations should be amended.

The change to the Regulations will require the Scheme Actuary to calculate the cost of a VER in a manner that is actuarially cost-neutral to the Fund. This change will overcome the unfairness inadvertently introduced, and will future-proof the way these capital costs are calculated.

It is proposed to make this amendment to the legislation retrospective to 1st January 2016, when the original change was implemented. The Law Officers’ Department has advised that this should not cause any difficulty, as the change will not impinge on any individual’s rights, but rather be related to the amount that passes between the Employer and the Fund.

Collective responsibility under Standing Order 21(3A)

The Council of Ministers has a single policy position on this proposition, and as such, all Ministers, and the Assistant Ministers to the Chief Minister, are bound by the principle of collective responsibility to support the proposition, as outlined in the Code of Conduct and Practice for Ministers and Assistant Ministers ([R.11/2015](#) refers).

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) (General) (Jersey) Regulations 1989 (the “General Regulations” as defined by *Regulation 1*).

Regulation 2 inserts a new definition into Regulation 1 of the General Regulations as a consequence of the amendment of Regulation 8 of those Regulations by *Regulation 3*.

Regulation 3 amends Regulation 8 of the General Regulations so as to clarify that with effect from 1st January 2016, the Actuary is required to certify, to the public employees pension scheme’s Committee of Management, the additional costs to the scheme of paying voluntary early retirement benefit under Regulation 8. The Actuary’s certification must be reported before the end of every financial year and report the additional costs arising in relation to the previous financial year. A technical amendment is also made to Regulation 8 so as to clarify the basis of the calculation of voluntary early retirement benefit by reference to an “actuarial cost neutral age” (as defined in amended Regulation 1 of the General Regulations), so as to produce a cost neutral effect on the scheme.

Regulation 4 gives the title by which these Regulations may be cited and for them to come into force on the day after they are made.



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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 and Articles 2 and 4(3) of the Public Employees (Pensions) (Jersey) Law 2014², have made the following Regulations –

1 Interpretation

In these Regulations “General Regulations” means the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989³.

2 Regulation 1 amended

In Regulation 1 of the General Regulations, after the definition “Actuary” there is inserted the following definition –

“ ‘actuarial cost neutral age’ means an age which the Actuary determines as producing a cost neutral effect on the scheme in relation to the payment of voluntary early retirement benefit under Regulation 8;”.

3 Regulation 8 amended

For Regulation 8(6) and (7) of the General Regulations there are substituted the following paragraphs –

“(6) With effect from 1st January 2016 the Actuary shall, before the end of every financial year, provide a report to the Committee certifying the additional costs to the scheme, arising in the previous financial year which are attributable to the employer, as a consequence of a member taking voluntary early retirement under this Regulation.

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- (6A) The additional costs to the scheme shall be calculated as the difference between the value of the actual benefits granted in respect of each member to whom this Regulation applies and the value of the accrued liabilities in respect of that member, on the basis of the member retiring (if he or she survives) on attaining an actuarial cost neutral age, ignoring any additional credit for pensionable service granted by the employer as mentioned in paragraph (4) and taking into account, amongst other things, projected increases in the member's salary up to the date of retirement (or earlier death) and pensionable service completed at the date of leaving service.
- (7) Where under paragraph (6) the Actuary has certified an amount of additional costs to the scheme, the Committee shall require the employer to pay the whole of that amount into the scheme.”.

4 Citation and commencement

These Regulations may be cited as the Public Employees (Contributory Retirement Scheme) (General) (Amendment No. 12) (Jersey) Regulations 201- and shall come into force on the day after the day they are made.

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- ¹ *chapter 16.650*
² *chapter 16.640*
³ *chapter 16.650.36*