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## **4.2 Deputy C.F. Labey of Grouville of the Minister for Treasury and Resources regarding the removal of private pension scheme restrictions:**

What consideration has the Minister given to removing the restrictions currently imposed on private pension schemes, to enable a person to access their own capital sums of money and give them choice to be able to invest in other opportunities which may present themselves and which could create greater opportunities for regeneration, employment and economic growth and if so what action, if any, will he take to achieve this?

### **Senator A.J.H. Maclean (The Minister for Treasury and Resources):**

In summary, personal pension schemes are tax advantaged because they generate a stream of continuous income for the pensioner, which means that they are better able to plan for their retirement and less likely to require financial support from the States. In recent years a number of restrictions on personal pension schemes in Jersey have been relaxed, making such schemes much more flexible. For example, those who can demonstrate that they have a certain level of guaranteed income for the remainder of their life can access the entirety of their pension fund as they choose. I will continue to monitor pension developments in other jurisdictions and listen to the views of interested parties and professional bodies. However, it must be stressed that pension schemes are long-term savings vehicles and fundamental changes should only be made after detailed research and careful consideration.

### **4.2.1 The Deputy of Grouville:**

Supplementary, please? The Minister has said that access to the entirety of the pension can be achieved. Could he tell the Assembly please who sets the minimum retirement income that is required ... if that pension is to be accessed who sets this? Does he appreciate that the level that it has been set at is virtually unachievable and pension providers will, I am sure, tell him that it has rarely ever been achieved?

### **Senator A.J.H. Maclean:**

The level is set in the law. I do not agree with the Deputy that the level is unreachable. It is set at £10,000 of annual income, so in other words a pensioner would have to be able to demonstrate that they have a guaranteed income through, for example, a state pension scheme that would guarantee £10,000 of income in any given year and through for the entirety of their retirement period. On that basis they could then enter into first of all taking up to 30 per cent as a tax-free lump sum of their pension pot. They could then enter into a drawdown contract, which effectively would allow them properly structured to access the remainder of their pension forthwith. I might say to Members that a number of individuals in the Island have taken advantage of this very great deal of flexibility.

### **4.2.2 The Deputy of Grouville:**

Does the Minister recognise that the Island could or should have a pension regulator and taking advice from the industry itself is not the best way forward?

### **Senator A.J.H. Maclean:**

I agree in part with the Deputy insofar as I do believe that advice needs to be gained and experience from other jurisdictions and as broad-based as possible. We do in fact gain advice with regards to pensions from a number of different areas, including the Jersey Pensions Association. I believe that a watching brief on the changes only some 12 months ago to the U.K. (United Kingdom) pension scheme, which gives access to individuals to the entirety of their pension pot, I know the Chancellor

in the U.K. is delighted to have the extra tax revenue that that will generate in the short term but I think the planning in Jersey has always been for the long term. Our concern is the ability for individuals to be able to look after themselves in the long term and not become a burden on the state. But I think the Treasury Department have demonstrated in recent years changes to our pensions have increased the level of flexibility and we continue to monitor the situation so that more people can have the opportunity to gain greater access to their pensions when they are in a position to be able to do so and look after themselves for the long term.