
STATES OF JERSEY



PUBLIC EMPLOYEES CONTRIBUTORY RETIREMENT SCHEME: ACTUARIAL VALUATION AT 31ST DECEMBER 2007

**Presented to the States on 11th August 2009
by the Chief Minister**

STATES GREFFE

REPORT OF THE CHIEF MINISTER

1. Article 3(3) of the Public Employees (Retirement) (Jersey) Law 1967 (L.11/67) ([Revised Edition chapter 16.650](#)) requires the appointment of an Actuary to review the operation of the Public Employees' Contributory Retirement Scheme. Under Regulation 6(1) of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989 (R&O.7956) ([Revised Edition chapter 16.650.36](#)) the Scheme's Committee of Management has obtained a report from the Actuary for the period to 31st December 2007.
2. In accordance with Regulation 6(2) of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989, this accompanying report from the Chief Minister presents to the States the Actuary's report.
3. The Scheme's Committee of Management and the States Employment Board have formally accepted the report, which was signed by the Scheme's Actuary on 2nd July 2009. In particular, the Actuary has concluded that the Scheme has a deficiency.
4. The deficiency is £63.2 million based on the provisions of the Scheme at the valuation date.

Making good the deficiency

5. The treatment of the deficiency disclosed at 31st December 2007 is covered by Regulation 6(3)(d) and (e) of the Public Employees (Contributory Retirement Scheme) (General) (Jersey) Regulations 1989.
6. The Regulation allows a valuation deficiency to be carried forward in circumstances where it appears to be of a temporary nature. However, taking into account an anticipated worsening of the Scheme's financial position after the effective valuation date of 31st December 2007, the Employer's Actuary's advice is that the deficiency should not be seen as "temporary" and that action should be taken to deal with the deficiency.
7. The Scheme is not a conventional final salary scheme where the employers have responsibility for meeting any deficiency. In principle, a deficiency may be made good by increases to the contributions of employers, or by increases to the contributions of current or future members, or by a combination of both. However, the Chief Minister and States Employment Board have made it clear that they are not supporting an increase in the employer's contribution rate, even though this is one of the available options.
8. A copy of every report, signed by the Scheme Actuary, will be laid before the States by the Chief Minister as soon as possible. If agreement is reached between representatives of the States Employment Board and the Public Employees Pension Scheme Joint Negotiating group, within 3 months of the Valuation being laid before the States, then the Chief Minister will present it to the Committee of Management for endorsement and to the States for approval.

9. If no agreement is reached and the Chief Minister and the Committee of Management have not agreed on proposals for dealing with the deficiency within 6 months of this report being laid before the States, in accordance with the Scheme's Regulations, future pension increases will be restricted to a level of 0.3% per annum below the increase in the Jersey Cost of Living Index, subject to review at future valuations.
10. Members who are subject to the Public Employees (Contributory Retirement Scheme) (Jersey) Regulations 1967 (R&O.5010) ([Revised Edition chapter 16.650.48](#)) and the Public Employees (Contributory Retirement Scheme) (Former Hospital Scheme) (Jersey) Regulations 1992 (R&O.8443) ([Revised Edition chapter 16.650.24](#)) will continue to benefit from full increases in line with the Jersey Cost of Living Index as they are protected by a States guarantee.