



Jersey

## TEACHERS' SUPERANNUATION (COMMUTATION OF SMALL PENSIONS – AMENDMENTS) (No. 2) (JERSEY) ORDER 2020

*Made*

*27th May 2020*

*Coming into force*

*3rd June 2020*

**THE CHIEF MINISTER**, having consulted the Management Board, makes this Order under Articles 2 and 7 of the Teachers' Superannuation (Jersey) Law 1979<sup>1</sup> –

### **1 Amendment of the Teachers' Superannuation (Existing Members) (Jersey) Order 1986**

- (1) The Teachers' Superannuation (Existing Members) (Jersey) Order 1986<sup>2</sup> is amended in accordance with paragraphs (2) and (3).
- (2) For Article 59A (conversion of benefits into lump sum not exceeding £30,000) of the Teachers' Superannuation (Existing Members) (Jersey) Order 1986 there is substituted –

#### **“59A Exchange of trivial benefits for lump sum**

- (1) In accordance with Article 131CE (permitted commutation – trivial pension) of the Income Tax Law and this Article, a teacher or former teacher is permitted to elect to exchange the whole of the capital value of his or her benefits accrued in the Fund for a lump sum not exceeding such amounts as are specified in Article 131CE of that Law.
- (2) For the purposes of this Article, Article 131CE of the Income Tax Law is to be read as if for the words and phrases set out in column 1 of the following table there were substituted the words and phrases set out in column 2 of the table –

<b>1 – Words and phrases used in Article 131CE of the Income Tax Law</b>	<b>2 – Words and phrases for the purposes of this Order</b>
“An approved Jersey scheme”	“The Teachers' Superannuation Fund (the “Fund”)”
“commute”	“exchange”

<b>1 – Words and phrases used in Article 131CE of the Income Tax Law</b>	<b>2 – Words and phrases for the purposes of this Order</b>
“pension holder”	“teacher or former teacher”
“fund value”	“capital value of the teacher’s or former teacher’s benefits accrued in the Fund”.

- (3) An exchange under paragraph (1) is not permitted where the capital value of the teacher’s or former teacher’s benefits accrued in the Fund, includes any amount transferred from another scheme, trust or contract (however called and whether approved under any Article of the Income Tax Law or under the jurisdiction of a country or territory outside Jersey).
  - (4) An election under paragraph (1) must be made in such form and manner as the Management Board specifies.
  - (5) The calculation of the lump sum payable under this Article is to be determined by the Management Board after consulting the Actuary.
  - (6) Payment of the lump sum –
    - (a) must in the case of –
      - (i) a teacher, be made on the day after the teacher ceases to be employed in reckonable service, or
      - (ii) a former teacher, be made not later than 3 months after the date of the election under paragraph (1);
    - (b) extinguishes the teacher’s or former teacher’s rights to any other benefits payable out of the Fund, as well as the rights of any person contingently entitled to any benefit payable upon that teacher’s or former teacher’s death.
  - (7) In this Article “former teacher” means a teacher who has ceased to be employed in reckonable service other than by reason of retirement.”.
- (3) Article 59B (former teacher – conversion of benefits into lump sum not exceeding £18,000) is deleted.

## **2 Amendment of the Teachers’ Superannuation (New Members) (Jersey) Order 2007**

- (1) The Teachers’ Superannuation (New Members) (Jersey) Order 2007<sup>3</sup> is amended in accordance with paragraphs (2) and (3).
- (2) For Article 34 (conversion of benefits into lump sum not exceeding £30,000) there is substituted –

### **“34 Exchange of trivial benefits for lump sum**

- (1) In accordance with Article 131CE (permitted commutation – trivial pension) of the Income Tax Law and this Article, a member or deferred pensioner is permitted to elect to exchange the whole of the capital value of his or her benefits accrued under the scheme for a

lump sum not exceeding such amounts as are specified in Article 131CE of that Law.

- (2) For the purposes of this Article, Article 131CE of the Income Tax Law is to be read as if for the words and phrases set out in column 1 of the following table there were substituted the words and phrases set out in column 2 of the table –

<b>1 – Words and phrases used in Article 131CE of the Income Tax Law</b>	<b>2 – Substituted words and phrases for the purposes of this Order</b>
“An approved Jersey scheme”	“The pension scheme established by the Teachers’ Superannuation (New Members) (Jersey) Order 2007 (the “scheme”)”
“commute”	“exchange”
“pension holder”	“member or deferred pensioner of the scheme”
“fund value”	“capital value of the member’s or deferred pensioner’s benefits accrued under the scheme”.

- (3) An exchange under paragraph (1) is not permitted where the capital value of the member’s or deferred pensioner’s benefits accrued under the scheme, includes any amount transferred from another scheme, trust or contract (however called and whether approved under any Article of the Income Tax Law or under the jurisdiction of a country or territory outside Jersey).
- (4) An election under paragraph (1) must be made in such form and manner as the Management Board specifies.
- (5) The calculation of the lump sum payable under this Article is to be determined by the Management Board after consulting the Actuary.
- (6) Payment of the lump sum –
- (a) must in the case of –
    - (i) a member, be made on the day after the member ceases to be an employee, or
    - (ii) a deferred pensioner, be made not later than 3 months after the date of the election under paragraph (1);
  - (b) extinguishes the member’s or deferred member’s rights to any other benefits under the scheme, as well as the rights of any person contingently entitled to any benefit payable upon that member’s or deferred pensioner’s death.”.
- (3) Article 34A (deferred pensioner – conversion of benefits into lump sum not exceeding £18,000) is deleted.

**3 Citation and commencement**

This Order may be cited as the Teachers' Superannuation (Commutation of Small Pensions – Amendments) (No. 2) (Jersey) Order 2020 and comes into force 7 days after the day on which it is made.

**SENATOR J.A.N. LE FONDRÉ**

*Chief Minister*

## ENDNOTES

### Table of Endnote References

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<i>1</i>	<i>chapter 16.850</i>
<i>2</i>	<i>chapter 16.850.60</i>
<i>3</i>	<i>chapter 16.850.70</i>