Ministry of Justice

The Judicial Pension Scheme 2015

Scheme Guide

July 2019

Contents

Introduction

This guide details the features of the **Judicial Pension Scheme 2015** (JPS 2015), covering the basic design of the scheme and other arrangements for members.

Background

The JPS 2015 was established on 1 April 2015 and is open to all UK judiciary, except where terms and conditions are specifically non-pensionable, or where a judge is a member of another judicial pension scheme in respect of his or her service. This includes eligible fee-paid Judges.

This scheme launched upon the closure of the existing JUPRA pension scheme, which ceased to accept new members from 1 April 2015, except where transitional provisions apply.

The statutory framework for the establishment of the JPS 2015 is the Public Service Pensions Act 2013 (‘the Act’).

Membership

A member, either fee-paid or salaried, is eligible to join the JPS 2015 if they were:

- First appointed to an eligible judicial office after 1 April 2012;
- In eligible service at 1 April 2012, and at that date under 51 years 6 months; or
- In eligible service at 1 April 2012, and at that date under the age of 55, and have reached the end of any period of tapering protection.

A judge who is eligible to accrue a judicial pension but does not meet any of the above conditions will accrue pension benefits under another judicial pension scheme.

Eligibility and admission to membership

An eligible judge is enrolled in the JPS 2015 from their first day of service, unless they are eligible for any form of transitional provision then other defaults would apply.

A member may opt out of the scheme at any time. Opting out within one month from first joining the scheme is backdated to day one; otherwise, it generally takes effect from the beginning of the pay period after notice of opting out is given.

Members who have either opted out of the scheme, or initially chose not to join the scheme, will be able to opt in to membership. A member will not be able to opt in more than once within a twelve-month period.

Nothing in this guide can override the schemes’ regulations. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the regulations will apply. This guide is based on the regulations current at the time of publication and there is no guarantee that any part of the regulations will not change in the future.

Scheme Governance

The Lord Chancellor is the Scheme Manager for the JPS 2015 and as such the Ministry of Justice (MoJ) is responsible for managing and administering the scheme on their behalf. The day-to-day administration of the scheme is contracted out to XPS Administration by the MoJ as part of a contract for administering all UK judicial pension schemes.

The Judicial Pension Board (JPB) is responsible for assisting the Scheme Manager:

- To secure compliance with the scheme regulations, any other legislation relating to the governance and administration of the scheme and any requirements imposed by the Pensions Regulator in relation to the scheme and

- In the performance of the Scheme Manager's functions under the scheme regulations.

The JPB consists of an independent chair appointed by the Lord Chancellor following consultation with the Lord Chief Justice of England and Wales, the Lord President in Scotland and the Lord Chief Justice of Northern Ireland. In addition, there are 2 independent members, 4 Employer representatives and 4 Member representatives

Further information on the JPB can be found on the following webpage:
https://www.gov.uk/government/groups/judicial-pension-board

The **Judicial Pension Scheme Advisory Board** is responsible for providing advice to the Lord Chancellor, at the Lord Chancellor's request, on the desirability of making changes to the scheme. The Scheme Advisory Board's membership is the same as that of the JPB.

The Scheme's **Internal Dispute Resolution Procedure** has been put in place and is available on the scheme webpage or on request from The MoJ (see address below).

Scheme Contacts

XPS Administration
Albion
Fishponds Road
Wokingham
Berkshire
RG41 2QE

Tel: 0118 313 0917
(9am – 5pm Monday to Friday)

Email: MOJAdmin@xpsplc.com

Judicial Pay & Pensions Team
Ministry of Justice
10 South Colonnade
Canary Wharf
London
E14 4PU

Email: judicialpensions@justice.gov.uk

Other Contacts

The Pensions Advisory Service is available at any time to assist members and beneficiaries with pension questions and also issues they have been unable to resolve with the trustees or managers of the pensions scheme.

Tel: 0300 123 1047
Post: The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Web: http://www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman may investigate and determine certain complaints or disputes about pensions that are referred to the Pensions Ombudsman in accordance with the 1993 Act. Individuals can ask the Pensions Ombudsman to look into complaints about how pension schemes are run. In some situations, employers, trustees and pension scheme managers can ask them to look into a problem.

Tel: 020 7630 2200
Post: Pensions Ombudsman Service
11 Belgrave Road
London
SW1V 1RB
Web: http://www.pensions-ombudsman.org.uk
E-mail: enquiries@pensions-ombusdman.org.uk

The Pensions Regulator may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties.

Tel: 0345 600 0707

Post: The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Web: http://www.thepensionsregulator.gov.uk
E-mail: customersupport@tpr.gov.uk

Member contributions

The member contributions outlined below represent the rates paid as a member of the JPS 2015.

There is no limit on the number of years of pension accrual under the JPS 2015 and therefore contributions are payable throughout service. These rates are fixed in the regulations until 2019/20. However, the annual salary bandings do change over this period.

For those judicial office holders not working on a full-time basis, the method of calculation of member contributions are under an 'actual earnings' approach.

Under the 'actual earnings' approach, contributions are assessed on the annual rate of pensionable earnings in each pay period. These may fluctuate within a given scheme year dependent on the applicable member contribution rate for that pay period.

There are no dependant pension contributions applicable under the JPS 2015. All member contributions paid in respect of the JPS 2015 are subject to tax relief. As no dependant pension contributions are paid, a refund will not be provided to those without dependants at retirement.

Member contributions under the JPS 2015

Annual Rate of Pensionable Earnings 2019/20	Rate of Member Contributions
Up to and including £15,000	4.60%
£15,001 - £21,636	4.60%
£21,637 - £51,515	5.45%
£51,516 - £150,000	7.35%
£150,001 and above	8.05%

Employer cost cap

The member contribution rates may change after a subsequent actuarial valuation that shows a substantial change in the overall cost of the scheme, either up or down. At this point member contributions may be amended to reflect the changing cost of the scheme.

An employer cost cap has been set for the JPS 2015. This cap is used for measuring changes in the cost of the scheme.

The employer cost cap figure is included in the scheme regulations and provides a benchmark for future valuations of scheme costs. The initial employer cost cap is the target cost to the employer for the judicial pension scheme, represented as a percentage of pensionable earnings.

This employer cost cap figure has been assessed to be 25.7% of pensionable pay by the scheme actuary, the Government Actuary's Department (GAD). Scheme valuations are scheduled to take place every four years with the next valuation scheduled for completion in 2019. If a future valuation indicates that the cost has moved significantly away from the employer cost cap two percentage points either above or below, the scheme must take action to bring the cost of the scheme back to the employer cost cap.

This action to return the cost of the scheme to the cap could take the form of amending scheme benefits for future accruals to alter the overall cost of the scheme, or by altering the level of member contributions so that a higher or lower level of employer contributions is required.

Scheme features

The JPS 2015 differs from other judicial pension schemes in that it is based on a career average accrual model. This is in line with other reformed public service pension schemes implemented in response to the report of the Independent Public Service Pension Commission.

This section outlines details of the key features of the scheme design and the method through which pension benefits will build up throughout a judicial career.

Scheme design

The key elements of the scheme are:

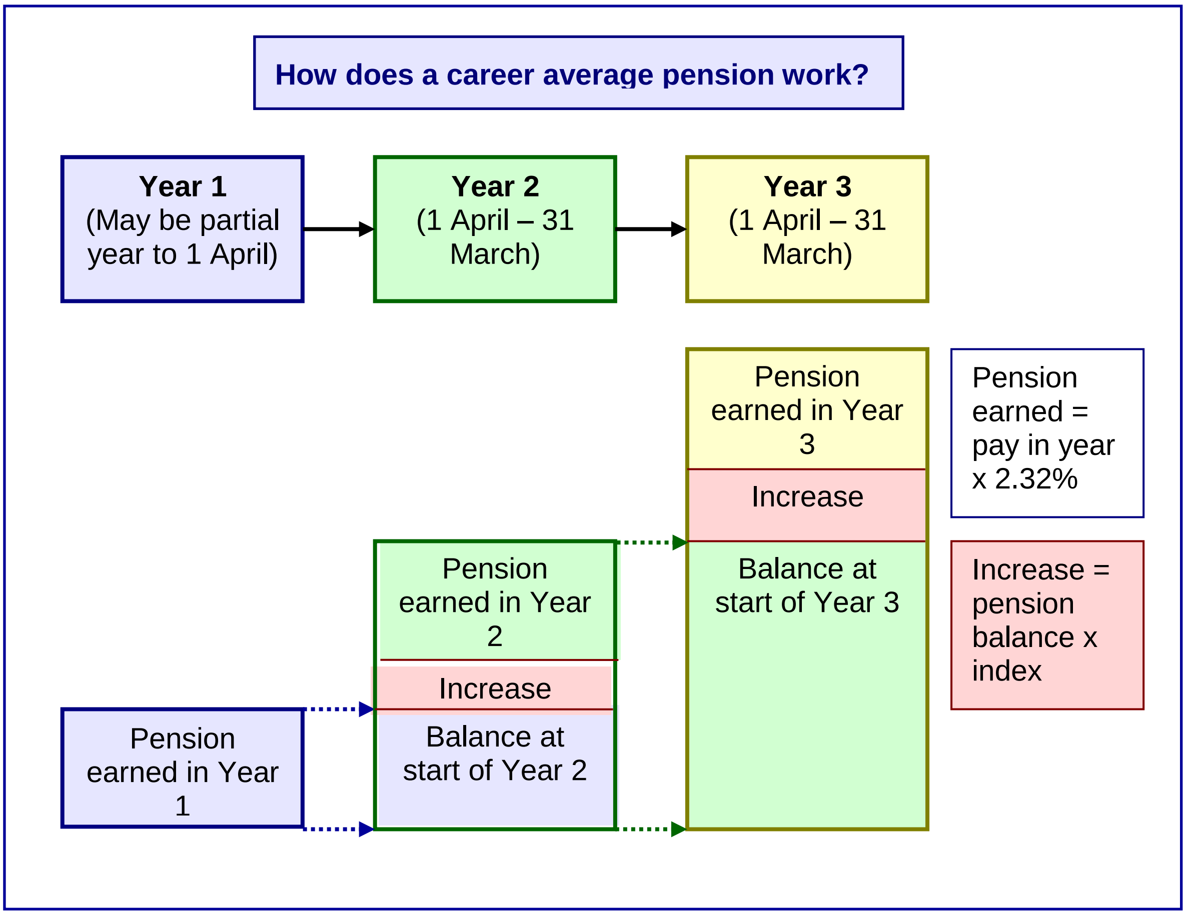
- A pension scheme design based on 'career average' accrual model.
- No restriction on the number of accruing years in service.
- An accrual rate of 2.32% of pensionable earnings each year (1/43.1).
- Active members' benefits are revalued under section 9 of the Public Services Pension Act 2013 (c. 25), whereby the change in prices to be applied in a period is the percentage increase or decrease (currently in line with the Consumer Prices Index (CPI)).
- Deferred and retired scheme members' benefits increase in line with the Pensions Increase Act 1971 (currently in line with the Consumer Prices Index (CPI)).
- Normal Pension Age linked to State Pension Age.
- Scheme is registered for tax purposes.
- Optional tax-free lump-sum commutation at a rate of 12:1, subject to HMRC limits and regulations.
- Pension for surviving adults of 37.5% of the member's pension, and pensions for eligible children.

Pension benefits

The JPS 2015 is a 'career average' pension scheme. Every scheme year, members will 'bank' an amount of pension in their individual pension account at a rate of 2.32% of their pensionable earnings in that scheme year.

For full time salaried members of the judiciary, and those on salaried part-time working arrangements, pensionable earnings will equate to their actual salary in that scheme year. For fee-paid judiciary eligible for the JPS 2015, the pensionable earnings will be equivalent to their total fee income in that scheme year.

A member's final pension is then made up of the amounts 'banked' each scheme year, with index-linking applied.



Annual revaluation (index-linking) of benefits

The value of a member's pension whilst in active service is maintained by applying index-linking annually.

The level of revaluation is decided following the Secretary of State for Work and Pensions' annual review of the general level of prices. The JPS 2015, as well as the other public service schemes, applies the revaluation as directed by a HM Treasury Order that reflects the Secretary of State's decision.

For the JPS 2015, the rate is set to be equivalent to CPI, via an HM Treasury Order. The revaluation will occur at the beginning of each subsequent scheme year, i.e. April.

Each member will receive an annual benefit statement explaining the current value of his or her pension.

Qualifying periods

Scheme members need two years' qualifying service to qualify for any pension benefits. This includes benefits for dependants. Service in a judicial pension scheme immediately prior to moving into the JPS 2015 is added to JPS 2015 service to calculate 'qualifying service'.

On leaving the scheme with less than two years' qualifying service, an individual will have the option of a refund of contributions, or a transfer value to another pension scheme or arrangement.

The JPS 2015 is open to both salaried and eligible fee-paid judiciary. Qualifying service is calculated by reference to start and end dates and does not vary depending on full-time or part-time status. Any requirements for a minimum period of qualifying service will look at a combination of service in all judicial pension schemes. This would include service in JUPRA or the Fee-Paid Judicial Pension Scheme (FPJPS).

Age at which pension is payable

The age at which pension in the JPS 2015 is payable is linked to a scheme member's State Pension Age (SPA). Members have the right to draw their pension before scheme pension age but, under current legislation, not before age 55.

Pension drawn before scheme pension age is subject to an early retirement reduction, reflecting the fact that the pension will be in payment for longer than would have been the case if the member retired at scheme pension age. The reduction is determined using factors set by the Lord Chancellor having taken advice from the scheme actuary.

A member may opt to make periodical payments throughout their career to attain a pension age of any period up to three years below the member's normal pension age, provided that it would achieve an 'effective pension age' of at least 65. This option allows a member to be able to access their pension before normal pension age, without reduction.

Upon leaving the scheme, members will also have a facility to make a one-off payment to 'buy out' the early retirement reduction. The scheme pension age in the JPS 2015 is linked to the State Pension Age.

If a member decides to stay beyond retirement, a late retirement enhancement will be applied, reflecting the fact that the pension will be in payment for a shorter time than would have been the case if the member had retired at scheme pension age. The enhancement, or 'Late Retirement Addition', will be determined using factors set by the Lord Chancellor having taken advice from the scheme actuary.

The Government has stated that it wants a regular and more structured way of considering increases to the State Pension Age to make sure the State Pension system is affordable in the long term and fair between generations. Further details on the current State Pension Age timetable and the plans for future review are available at: www.gov.uk/government/policies/reviewing-the-state-pension-age

If a scheme member's State Pension Age changes, all benefits accrued under the JPS 2015 will be linked to the new age. This means any new SPA will be the age at which the member's entire pension under the JPS 2015, including pension earned before that change is available on an unreduced basis.

State retirement benefits

The JPS 2015 was a contracted-out pension scheme for the purposes of the Pension Schemes Act 1993 until 5 April 2016 when contracting-out was abolished. Whilst the scheme was contracted-out a scheme member paid reduced National Insurance contributions, but did not accrue additional state benefits beyond basic state pension entitlements.

This did not affect entitlement to the basic (flat-rate) state retirement pension and provided that their record of national insurance contributions is sufficient to meet the relevant conditions, holders of judicial office will be entitled to receive the basic state retirement pension from state retirement age.

Since 6 April 2016 a new "single tier" state pension replaced the basic and additional state pension. This change meant the JPS 2015 ceased to be a contracted-out scheme.

Tax considerations

Judges should note that as the JPS 2015 is a tax-registered scheme, pension benefits accrued count towards both the Annual Allowance and Lifetime Allowance. The Chancellor announced in the summer budget (July 2015) that pension tax relief for high earners and other high-income individuals will be restricted. Further information on these important changes can be found on the Judicial Pension Board website: https://www.gov.uk/government/groups/judicial-pension-board

Judges who have registered with HMRC for Enhanced or Fixed Protection need to be aware that once they join the JPS 2015 they lose their Protection rights. Judges to whom this applies must make clear at the time of taking up appointment that they do not wish to join the scheme.

Options for scheme members

There are a number of options available to members of the JPS 2015 that include:

- Commutation of pension for a tax-free pension lump sum;
- Allocation of member pension for additional pension for dependant(s); and
- Purchase of added pension.

Commutation

The JPS 2015 does not provide an automatic lump sum. At retirement, members can commute part of their earned pension into a lump sum (subject to HMRC tax limits). The pension will convert at a rate of £1 of annual pension for £12 of lump sum.

Reducing the member's annual pension in this way has no impact on pensions for dependants as these are based on the pension pre-commutation.

The maximum amount of tax-free lump sum is set by HMRC rules for tax-registered schemes and is generally the lesser of:

- 25% of the HMRC pension valuation; and
- 25% of the member's remaining Lifetime Allowance.

Allocation

Allocation allows a member to surrender part of their own pension to provide a pension for a financial dependant, payable following the member's death. A 'dependant' in this context means a person who is financially dependent on a scheme member or a person with whom the scheme member is financially interdependent.

The option is exercisable on the member's retirement or during active service. However, once made, this decision cannot be revoked. As a result, this option tends to be exercised upon retirement.

The annual pension for a financial dependant is be calculated by multiplying the surrendered part of the member's pension by an 'Allocation Factor'. This 'Allocation Factor' depends on the relative ages and gender of the scheme member and the dependant.

There are restrictions on the amount of pension a member may choose to allocate in that the scheme member's pension cannot be less than the total of pensions paid to adult dependants.

The option is only available where an appointed medical advisor is satisfied with the health of the scheme member. This is not available where the member is retiring on grounds of ill-health.

Members opting for allocation must be aware of the attendant risks of this option. Specifically, that the reduction to their pension is permanent and will apply even if the beneficiary predeceases them.

Further Options

In the JPS 2015, members have the following options:

- Pay additional contributions (or lump sums) to purchase ‘Added Pension’. It is priced by the scheme actuary. The total amount of Added Pension that an individual can purchase is subject to limits set by HM Treasury.

- Transfer other private or occupational pensions into the JPS 2015 within 12 months of joining the scheme, subject to limits on the amount that can be transferred.

- Make contributions into the AVC scheme to build up a pension pot to be invested by the third-party provider, which can be drawn according to HMRC rules.

- Make periodical payments throughout a career to attain a pension age of any period up to three years below the member’s normal pension age, provided that it would achieve “Effective Pension Age” of at least 65.

- Upon leaving the scheme, members have a facility to make a one-off payment to ‘buy out’ the early retirement reduction. The scheme pension age in the JPS 2015 is linked to the State Pension Age.

Leaving the scheme

This section covers all forms of retirement under the JPS 2015, including early, late, partial, and medical as well as provisions for judges who wish to sit in retirement. This section also looks at provisions for death in service, death in retirement, and death in deferment.

Members should note that the policies on retirement under the JPS 2015 will not affect a judge's statutory retirement age.

Early retirement

Active and deferred members of the JPS 2015 have a right to draw their pension before scheme pension age, after the age of 55. While a member must make a formal claim to have their pension brought into payment early, the consent of the department is not required.

Early retirement in the JPS 2015 is subject to the member being entitled to deferred benefits, that is, they must have a minimum of two years' qualifying service.

Pension drawn before scheme pension age will be subject to an early retirement reduction, reflecting the fact that the pension will be in payment for longer than would have been the case if the individual retired at scheme pension age.

This reduction is permanent and is determined using factors provided by the scheme actuary. Any surviving adult pension will be based off the full pension, regardless of any actuarial reduction.

Upon leaving the scheme, members have a facility to make a one-off payment to 'buy out' the early retirement reduction. The scheme pension age in the JPS 2015 is linked to the State Pension Age.

If this option of 'buying out' the early retirement reduction is exercised, the pension would then be brought into payment on an unreduced basis. The level of this one-off payment will be dependent upon the individual's circumstances and will be calculated by the scheme actuary.

It should be noted that a buyout payment made to the scheme by a member will attract tax relief subject to HMRC limits. The buyout payment will not count directly for Annual Allowance purposes, as the Annual Allowance calculation reflects the amount of pension accrued in a year, not the level of contributions made by a member.

Deferment

Deferment means a judge who is no longer accruing benefits in the scheme, but is not yet eligible to draw their pension.

Under the JPS 2015, if a member is in deferment, the member's pension is preserved, and subject to increases in accordance with the Pension Increase Act 1971 at the point of drawing their pension. It is not possible to transfer from unfunded, defined benefit public service pension schemes to defined contribution schemes. Further information is available from PSAL.

Re-joining the JPS 2015 after leaving

If a member leaves the scheme with more than two years' service, he or she will be awarded a preserved pension. However, should they re-join the scheme within five years (qualifying period), the preserved pension will be automatically linked to the new period of service. Some adjustments, based on prices, will be applied as if the judge had continued to be an active member during their time out of the scheme.

However, should a judge re-join the scheme after the five-year period, the preserved pension cannot be linked and will remain deferred.

Late retirement

Late retirement means drawing pension (and lump sum, if applicable) from the scheme, after the scheme pension age. If a member wishes to take late retirement, they will be eligible for a 'late retirement addition'.

The late retirement addition is calculated by taking the balance in the individual's pension account at 31 March of the previous year, multiplied by a percentage. This calculation is determined using factors provided by the scheme actuary. The late retirement addition will be applied from the April following the individual's attainment of the scheme pension age.

The member will continue to accrue annual pension in the career average scheme on top of this late retirement addition, and the pension earned in late retirement will be added to the member's overall pension balance.

It should be noted that as this will be classed as 'pension accrued in a year' for tax purposes, any late retirement addition will be subject to the Annual Allowance.

In subsequent years after scheme pension age, a late retirement addition will be calculated with reference to the pension account balance at the end of the previous year.

It should be noted that the late retirement arrangements described here will also apply in the event of partial retirement if that takes place after scheme pension age. In the instance of a member taking partial retirement, and also late retirement beyond pension age, the late retirement addition will be applied to the member's second pension account, as their first account will already be in payment by virtue of the member taking partial retirement.

Late retirement in deferment

Late retirement in deferment means drawing pension (and lump sum, if applicable) from the scheme, after the scheme pension age, whilst a member is in deferment.

If a member wishes to take late retirement whilst in deferment, they will be eligible for a 'late retirement addition'.

The late retirement addition will be calculated by taking the balance of the individual's pension account at 31 March of the previous year, multiplied by a percentage. This calculation will be determined using factors provided by the scheme actuary. The late retirement addition would be applied from the April following the individual's attainment of scheme pension age.

The pension earned in late retirement addition will be added to the member's overall pension balance. In subsequent years after scheme pension age, a late retirement addition will be calculated with reference to the pension account balance at the end of the previous year.

Partial retirement

Partial retirement allows scheme members to draw pension benefits while remaining in office. The terms of appointment of members of the JPS 2015 may enable them to take partial retirement. Where a member opts for partial retirement, they can draw all their benefits or decide on the proportion of their benefits they wish to draw.

A member who opts for partial retirement would draw benefits from their pension account, and at that point would open a second pension account in the JPS 2015. This second account is used to accrue benefits going forward, whilst at the same time drawing pension benefits from their first account.

In comparison, JUPRA does not offer partial retirement. In the current scheme, JUPRA pensions are payable only on retirement from judicial office. As a result of this, partial retirement would only apply in respect of service in the JPS 2015. For the purpose of determining if an individual had sufficient qualifying service however, service in JUPRA and the FPJPS would be taken into account.

Partial retirement in the JPS 2015 will only be possible where an individual's working patterns have changed such that an individual's pensionable earnings have reduced to no more than 80% of the amount before the change. For instance, if a judge was to sit four days a week, instead of five days, this would be 80%.

The partial retirement option is only available once, and must be exercised within three months of the reshaping of the individual's working pattern. A member would be entitled to retire if they have reached the normal minimum pension age for the scheme and, if under their pension age, has two years of qualifying service. For the purpose of determining if an individual had sufficient qualifying service, however, service in a previous judicial pension scheme would be taken into account.

Sitting in retirement

The JPS 2015 allows for re-employment after retirement so that a pensioner member in respect of one qualifying judicial office can simultaneously be an active member in respect of a different qualifying judicial office.

For pension that has been earned from service pre-retirement, the pension will continue to be paid during sitting in retirement. Whilst sitting in retirement, a member can accrue further benefits in the JPS 2015 or Partnership Pension Account (see section below), whether fee-paid or salaried. No alternative remuneration will be provided where the judicial office holder chooses to opt out.

The sitting in retirement rules will apply only where there has been a retirement; judges who are members of the JPS 2015 may be able to use partial retirement as an alternative.

Medical retirement

The JPS 2015 provides a single level of ill-health retirement benefits whereby:

- Ill-health pensions would be payable to a member who had "suffered a permanent breakdown in health involving incapacity for employment". This is a similar standard as is applied under JUPRA.

The pension would be payable for life and equal to the accrued pension, plus half of the expected pension that the member would have accrued before scheme pension age, which in the JPS 2015 is tied to the State Pension Age. This is also the same enhancement as under JUPRA.

Under the JPS 2015, a period of two years' qualifying service is required to apply for an award of pension benefits due to ill-health. The Scheme Manager also has to be satisfied by means of a medical certificate that states that the member has suffered a permanent breakdown in health involving incapacity for employment.

The Scheme Manager, after consideration by the Judicial Pension Board, has the discretion to bring an ill-health pension into payment without the required two years' qualifying service.

In the event a scheme member has accrued benefits in both JUPRA and the JPS 2015 or in both the FPJPS and the JPS 2015 before retiring on the grounds of ill-health, the accrued JUPRA / FPJPS pension would be brought into payment, along with the JPS 2015 accrued pension, but any enhancement would come from the JPS 2015.

Death in service

A scheme member's dependants, or nominated beneficiaries, will be awarded a 'Death in Service' (DIS) lump sum through the JPS 2015 should the member die in service. A single lump sum is paid in respect of current and former judicial pension membership.

Along with a lump sum payment, the JPS 2015 also provides pensions for eligible children and surviving adults upon a member's death. This section outlines how these payments will be calculated and how eligibility for survivors will be defined.

Death in service lump sum calculation

Under the JPS 2015, the DIS lump sum will be calculated as the greater of:

- 2 x 'Final Pay' (less any lump sums already paid – from all schemes); and
- 5 x the member's new scheme pension (less the total of pension payments already made from the new scheme)

'Final Pay' in this context is defined as the greater of:

- the amount of a member's pensionable earnings in the 12 months, ending with the last day of pensionable service;
- The amount of a member's pensionable earnings for any scheme year in the 10 scheme years immediately before the last active scheme year ("the earnings year")

Nomination of beneficiaries

Scheme members may nominate one or more beneficiaries to receive the lump sum, and specify how the benefits are to be apportioned between them as detailed below:

- One or more individuals;
- One incorporated or unincorporated body; or
- One or more individuals and one incorporated or unincorporated body.

As previously mentioned, in addition to the DIS lump sum, there will be a pension available for survivors of members that have died in service. These pensions will be available to both surviving adults and eligible children.

For judges that have accrued service in both JUPRA and the JPS 2015 or in both the FPJPS and the JPS 2015, surviving adults and eligible children will each receive pension payments from each scheme in respect of the service in each scheme. Any enhancement will be calculated and paid in accordance with the JPS 2015 regulations.

Dependants' pensions

The JPS 2015 will pay a pension to a surviving spouse or civil partner upon a member's death. This pension will be equal to 3/8 (37.5%) of the scheme member's pension plus an enhancement factor, and will be payable for life.

Where there is no surviving spouse or civil partner, the JPS 2015 may pay a pension to a surviving adult dependant. This surviving adult pension would be calculated in the same manner as any pension for a spouse or civil partner.

To be determined a surviving adult; a person must satisfy the Scheme Manager that immediately before the member's death:

- The person and the member were cohabiting as partners in an exclusive, committed long-term relationship;
- That neither party were prevented from marrying or entering into a civil partnership; and
- The relationship was one of financial dependence or interdependence.

The JPS 2015 will provide a pension to surviving adults, for life, regardless of the age of the survivor, if the survivor meets the above criteria.

A 'surviving adult' pension under the JPS 2015 will be paid for life. It does not stop if the survivor remarries or enters into a new relationship. However, where the surviving adult is more than 12 years younger than the member, the pension is to be reduced by 2.5% for every year over twelve (subject to a maximum reduction of 50%).

As a result of the change in criteria to qualify for a pension, with it being broader than the criteria under JUPRA and the FPJPS, there may be some cases where an individual qualifies for a pension under the JPS 2015, but not JUPRA or the FPJPS.

If an individual was eligible for a pension under both schemes, but subsequently remarried or entered into a civil partnership, the JUPRA / FPJPS element of the pension may be stopped, whereas the JPS 2015 pension is payable for life.

Children's Pensions

The JPS 2015 regulations define an eligible child as a natural or adopted child of the member who meets any of the following conditions:

- Under age 18;
- In full-time education and under age 23; or
- Unable to engage in gainful employment because of physical or mental impairment <u>and</u> either a) aged under 23, or b) the impairment is likely to be permanent and the person is dependent on the member as at the date of the member's death because of physical or mental impairment.

Any other young person who meets any of the three conditions listed above, and was financially dependent on the member at the date of the member's death, will also be eligible for a pension.

When a child ceases to be an eligible child (typically on leaving full-time education, or reaching age 23), their pension will cease, but this will not result in recalculation of pensions to any other children. If the child subsequently re-qualifies for pension, for example if they continue higher education after a gap year, their pension will recommence without impacting pensions being paid to any other children.

To meet the HMRC definition of ‘dependant’, financial dependency must exist. This term is not defined and it is, as far as HMRC are concerned, for the Scheme Manager to determine whether this condition is satisfied.

The Judicial Pension Board will be asked to consider whether a person is considered an eligible child based on these requirements, with the ability to make recommendations to the Scheme Manager if any discretion is to be made.

For enquiries on the nomination of benefits, please contact XPS.

Partnership Pension Account

Features

The JPS 2015 is a career average, defined benefit pension scheme. As an alternative to this scheme, members of the judiciary are able to join a tax-registered stakeholder pension scheme, known as the Partnership Pension Account (PPA). This scheme is not provided for in the scheme regulations.

The PPA is offered to all judicial office holders eligible to join the JPS 2015, and can be opted for in lieu of joining the JPS 2015. By opting for the PPA, a member is not able to accrue benefits in the JPS 2015.

As a member of the PPA, a judge holds an account with a nominated third-party provider (Prudential plc) into which the member and the department pay contributions. The member has the relationship with Prudential and is able to select a fund or investment strategy for the account.

It should be noted that in relation to money purchase benefits such as AVCs or PPA, that the value of the pension will depend on several factors including the amount of contributions paid, the performance of investments and the cost of converting the benefit into an annuity.

Partnership Pension Account - Key Features:

- Member contributions of 3% of pensionable earnings
- Matched employer contribution of 3% of member’s pensionable earnings
- Additional employer contribution of 16% of member’s pensionable earnings
- Member holds relationship directly with Prudential

Eligibility

All judges eligible to join the JPS 2015 are able to opt to join the PPA in lieu of the JPS 2015.

A judge retains the right to move between the JPS 2015 and the PPA. The PPA is flexible in its design in that a member can draw their pension any time after reaching the age of 55 years and the member does not have to be in retirement to do so. A member can choose the timing to fit in with their personal circumstances.

For comparison, a judge will not be able to draw their JPS 2015 pension before retiring from judicial office, and drawing such a pension before their normal pension age would result in an actuarially reduced pension.

It should be noted that the act of opting out of the JPS 2015 to join the PPA is classified as ‘leaving the scheme’ for the purposes of final salary linking in respect of the accrued benefits under a pre-2015 scheme. However, if a member opts out of the JPS 2015 but re-joins within 5 years they will be able to re-link their accrued rights in their pre-2015 scheme to final salary on retirement.

If a member opts for the PPA over the JPS 2015, any accrued benefits will be preserved upon joining the PPA and then up-rated upon retirement in line with prices.

Contributions

There is no limit on the amount of pensionable earnings a member may contribute. There is however a minimum contribution of 3% of pensionable earnings. The employer makes a ‘matching’ contribution capped at 3% of pensionable earnings. The employer also makes an additional employer contribution to each member’s PPA. This additional employer contribution is set at 16% of the member’s pensionable earnings. These contribution rates are in line with the highest rate available under the reformed civil service scheme.

Member contributions	Matching employer contributions	Additional employer contributions	Total member and employer contributions
3% (min.)	3%	16%	22% (min.)

All contributions are paid directly into the member’s account with Prudential. The account is managed by the member, and the member has the relationship directly with Prudential.