

FALKLAND ISLANDS
PENSIONS SCHEME

Explanatory Booklet for FIG Members



2023

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Introduction

Welcome to the Falkland Islands Pensions Scheme (FIPS) Explanatory Booklet for Falkland Island Government (FIG) Employee members. This booklet is specifically tailored to FIG members. If you do not work for FIG, please see FIPS Explanatory Booklet for non-FIG employees

This booklet is designed to give you important information about the Scheme in a way that we hope is easily understandable, but if you have any questions or would like more information on any aspect of the Scheme please contact the Pensions Office: Secretariat, Stanley, Falkland Islands Telephone +500 28416 Email: fips@sec.gov.fk

While we have attempted to keep this booklet simple, there are certain words, phrases and abbreviations used in this Booklet which are technical. The definitions of these can be found on page 2.

Where the words:

- “Scheme”, “we”, “us” or “our” are used they refer to the Falkland Islands Pensions Scheme and its administrators
- “You” and “your” are used, they refer to you as a member of the Scheme.

This booklet has been produced to help you understand the Scheme and is not the official or legal authority for the Scheme.

The Scheme is constituted by the Falkland Islands Pensions Scheme Ordinance 1997 as amended (the Ordinance) and associated Regulations which can be found at www.legislation.gov.fk. In the event of any discrepancy between this booklet and the Ordinance and Regulations, the latter will prevail.

What is a pension?

- A provision for income at retirement
- It consists of money paid in by you, your employer or both

Why pay into the Falkland Islands Pensions Scheme?

- Contributions benefit from tax relief
- It provides a source of income at retirement in addition to the Retirement Pension
- A more flexible pension fund for retirement

Key Summary of benefits from the Scheme

- Contributions made on your behalf are invested in your Individual Account within the Scheme
- Your Individual Account is used to provide you with a pension
- Your Individual Account value will be paid as a tax-free lump sum to your family and/or dependants in the event of your death before retirement
- Benefits may be available if you have to retire due to ill health
- Flexible benefits on retirement
- Individual Account can be accessed from age 50

If you are uncertain about any decision to do with your investments or your pension, you should consider taking independent financial advice.

A useful website could be www.moneyhelper.org.uk however please note this is a UK based website.

Definitions

Additional Voluntary Contributions (AVCs)

Contributions made by Scheme Members above and beyond the normal contributions made by their employer or them.

Annuity Rate

Rate obtained from the provider which will allow a calculation of your pension benefits at retirement. The rate used will be specific to the member at the time they retire.

Dependant

A child of the member who is under the age of 18; or any other person who is unable by reason of any physical or mental disability or illness to maintain themselves to any extent and who has been financially dependent on the member.

Deferred Member

A member who has deferred all or some of their benefits until a later date who is not actively contributing into the Scheme.

Eligible Retirement Age

Any age between 50 and 75.

FIPS

Falkland Islands Pensions Scheme

Individual Account

Each member of the Scheme will have an individual account into which their contributions will be paid. The value of your Individual Account will be available at retirement to provide your retirement benefits.

Individual Fund

A member's fund with units relevant to that member's contributions and investment income.

Member

An Individual who has joined the Scheme and has an Individual Account.

Normal Retirement Age

If not set out in employment terms and conditions, normal retirement age refers to the state retirement age for the Retirement Pension Scheme, currently age 65*

Pensions Board

Board of Trustees responsible for the administration of the Scheme.

Scheme

Falkland Islands Pension Scheme (FIPS).

Spouse

A person who at the date of retirement or, if later, the date of the purchase of annuity, is the married or civil partner of, and ordinarily living, with the member

Qualifying Annuity

Term for the pension bought from a provider (such as an insurance company) with your Individual Account. This becomes an annual pension paid on a regular basis throughout the year. The annuity contract must provide specific benefits under the FIPS Ordinance

*In 2018 Executive Council paper 114/18 approved a policy to increase the retirement pension age by one year every 10 years from 1 January 2020 at which point the age of being entitled to a pension increased from 64 to 65

The Falkland Islands Pensions Scheme

Board of Trustees

Appointed to manage the fund: includes the Financial Secretary and lay members who represent employers and employees. Trustees are appointed by the Governor and generally serve for a term of 1-3 years although they may be reappointed after that time. The Pensions Board Trustees are responsible for the administration and management of the Scheme in accordance with the provisions of the Falkland Islands Pensions Scheme Ordinance 1997 (as amended) and subsidiary Regulations. The Board are required to employ a Fund Manager, an Actuary and an Auditor. In addition the Board are required to appoint an Adjudicator.

Portability and flexibility

The Scheme gives members the option to move between registered employers within the Falkland Islands while continuing to pay into a single fund, to pay extra contributions to individual funds and to defer accessing benefits until age 75 if the normal retirement age is earlier. The Scheme also offers "portability", allowing members to transfer existing pension funds into the Scheme, and to transfer their pension funds out of the Scheme into other pension Schemes offering similar benefits. The receiving Scheme would have to approve any transfers and due to the Falkland Islands Pensions Scheme not being a Qualifying Recognised Overseas Pension Scheme (QROPS) this has reduced the number of Schemes that will accept a transfer.

Administration and Management

Day to day management of the Scheme falls to the Senior Accounting Assistant. If you have any questions regarding the Scheme this is who you call.

Capita Hartshead are the Scheme Administrators. They are responsible for receiving the contributions sent from the Falklands and sending for investment. **Capita** also disinvest Individual Accounts when requested by the Pensions Office. They provide the annual member statements and contribution letters for members.

FIL Life Insurance Ltd (Fidelity) are the Fund Managers appointed by the Pensions Board and are responsible for the investments.

Other info

The Scheme is known as a "defined contribution" Scheme or a "money purchase" Scheme. Contributions are based on a percentage of salary and are paid into an investment fund along with contributions from other members of the Scheme. This fund is managed by the Pensions Board and investment income is credited to the Individual Accounts of all members in proportion to the size of their individual funds within the Scheme. The total value of a member's Individual Account is used at retirement to calculate retirement benefits. The Scheme is approved by the Commissioner of Taxation under the Taxes Ordinance 1997 which allows members to take advantage of tax concessions. It is important to note; contributions made into the Scheme can attract tax relief, but tax is charged on retirement benefits when you benefit from the income (if over the relevant income threshold).

Membership of the Scheme

Joining the Scheme

Individuals can join the Scheme if they are an employee in the Falkland Islands, are self-employed in the Falkland Islands or not in employment but resident in the Falkland Islands.

If individuals are employed by an employer who has not joined the Scheme the individual can join the Scheme themselves. There are some scenarios where people are exempt from joining or continuing to contribute to the Scheme:

- People employed by FIG whose place of work is outside the Falkland Islands and who were not engaged in the Falkland Islands;
- Individuals who are aged 75 or over;
- Any individuals making AVCs who have ceased to be habitually resident in the Falkland Islands;
- Individuals who are currently drawing on their fund via flexible drawdown. You cannot re-join the Scheme until the beginning of the subsequent calendar year after the fund has been exhausted.

Those employed on a local contract by FIG will automatically be enrolled in the Scheme.

Details from your Statement of Employment (SOE) will be shared with the Pensions Office to allow you to be registered to the Scheme. If we do not have the information from the SOE you will not be eligible to join the Scheme and no contributions will be sent for investment on your behalf until the required details have been given to the Pensions Office.

Payments to the Scheme

Payments are to be made to The Pensions Board; Standard Chartered Account number 002007240000. The following types of payments can be made to your Individual Account:

- Ad-hoc voluntary payments made by you during the year;
- Regular voluntary payments made by you during the year;
- Payments made by your employer which may include employer contributions, employee contributions and AVCs;
- A transfer into the Scheme at the transfer value of your accrued benefits from another pension Scheme.
- Payments deducted from your FIG salary and paid to the Pensions Office.

Updating your details

Members are asked to ensure that the Scheme Administrator in the Secretariat is notified of any changes to your details such as name changes or change of address.

This is especially important if you intend to leave the Falkland Islands as the annual statements and other member correspondence will be issued to the postal address held on file.

Investments Under the Scheme

Investment Objectives

The investment policy for the Scheme is ultimately the responsibility of the Pensions Board. A copy of the Board's Statement of Investment Principles can be found www.hartlinkonline.co.uk/fips

The investment objectives of the Scheme are:

- To limit the risk of a member's individual account failing to satisfy the member's reasonable benefit expectations over the long term; and
- To moderate the volatility in the value of a member's pension account with respect to annuity prices as the member approaches retirement.

If you are uncertain about any decision to do with your investments or your pension, you should consider taking independent financial advice.

Investment Funds

The management approach towards investments by the Board has resulted in five Fidelity Funds being available to invest in by Members:

- The Falkland Islands Balanced Portfolio (FIBP) – an equity focussed fund concentrating on the UK;
- The Falkland Islands All Equity Portfolio (FIAEP) – an equity fund focussing on the international market;
- UK Corporate Bond Fund;
- UK Gilt Fund;
- Cash Fund

Members contributions are paid into the investment funds along with contributions for that fund from other members of the Scheme. Investment income is then credited to the Individual Accounts of all members in proportion to the size of their individual funds within the Scheme.

An annual statement for each Individual Account is sent out each year and members can follow the performance of their Individual Account online. More information on the website is included on page 19.

The Pensions Board can recommend changes of the investment funds based on advice from consultants, however any changes to investment can only be completed after consultation with Members of the Scheme.

Investments Under the Scheme

Investment Fees

Fees for each investment fund are charged directly against the Individual Fund and reflected in the unit share price. These are not invoiced directly to either the Scheme or the members.

Member Investment Strategy

Members of the Scheme can opt to allocate contributions between the different funds or change where existing Individual Account funds are allocated.

For those who do not wish to select where their investments are allocated contributions will be invested under the default '**LifePlan**' option. This option invests contributions in a set format adjusting depending on the age of the member.

Members can also choose to opt into **Lifestyle Profiling**. Under Lifestyle Profiling any part of a members accumulated fund which is in either the All Equity Portfolio Fund or the Balanced Portfolio Fund is transferred to the cash and bond funds. This takes place automatically over the 5 years before target retirement age. To amend your investment instructions members can either log onto the FIPS members website www.hartlinkonline.co.uk/fips or complete an Investment instruction form and submit to the Senior Accounting Assistant.

LifePlan Investment

Members who do not wish to instruct on their investments will automatically be invested under the LifePlan Investment Option which will automatically opt them into Lifestyle Profiling.

50% of all future contributions will be paid into the All Equity Portfolio Fund and the remaining 50% into the Balanced Portfolio Fund up to age 40. Future contributions are then paid into the Balanced Portfolio Fund, until 5 years before target retirement age. At this point all future contributions are subject to Lifestyle Profiling and are paid into cash and bond funds. Your accumulated fund will also be subject to Lifestyle Profiling and will be automatically transferred over the same 5 year period before target retirement age into the same cash and bond funds.

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Benefits Under the Scheme

General

Benefits can be taken from the Scheme from age 50, however there is no requirement to take benefits at 50.

You **must** take your benefits from the Scheme on or before your 75th Birthday. If you do not want to take your benefits by this date you must transfer your fund to a Scheme which offers this option. Any member who has not taken their fund at age 75 will be contacted with their options and their Individual Account will be disinvested and held until such time the member elects which benefit to receive.

FIG requires that all staff accessing their benefits retire from employment and take a break in service.

You are eligible to return to FIG employment and re-join the Scheme once you have accessed your benefits, however FIG will no longer make employer contributions, but employee contributions or AVCs can be made.

The FIG Death in Service benefit is only payable to FIG employees who are a member of the Scheme, therefore if returning to FIG after taking your benefits you may wish to request employee contributions are deducted from your salary to ensure you are eligible for this benefit. By re-joining the Scheme, a new Individual Account will be created and benefits can be accessed at a later date.

Chapter 9 of the FIG Management Code contains further information for FIG staff about retiring from FIG service.

Benefit Estimates

The Pensions Office can provide you with estimates of your benefits.

To find out what options will be available to you at retirement contact the Pensions Office.

If you are uncertain about any decision to do with your investments or your pension, you should consider taking independent financial advice



(c) Diana Aldridge

Retirement Benefits

At retirement you will be able to choose from the following options:

OPTION	DESCRIPTION	NOTES
Deferral	Leave your funds invested in your Individual Account and select benefit option at later date	<ul style="list-style-type: none"> • Deferral can be applied to some, all, or a portion of the fund. • Deferral can be no later than members 75th birthday.
100% Annuity Purchase	Use 100% fund to purchase pension (annuity)	<ul style="list-style-type: none"> • Guaranteed annual income for remainder of life • Additional benefits such as annual pension increase, 5 year guarantee or spousal pension.
75% Annuity Purchase Plus 25% Lump Sum	Use 75% fund to purchase pension (annuity) Take up to 25% of fund as tax free lump sum	<ul style="list-style-type: none"> • One-off tax free lump sum • Guaranteed annual income for remainder of life • Additional benefits such as annual pension increase, 5 yr guarantee or spousal pension.
Flexible Drawdown	Use your fund to take flexible amounts on an annual basis	<ul style="list-style-type: none"> • First drawdown to be a minimum of 25% of Individual Account and is tax free • Can withdraw 100% of fund in first drawdown, first 25% tax free remainder taxed at 21% • Subsequent drawdowns to be a minimum of £5,000 • Option to purchase annuity with remainder of funds during drawdown process.
Protected rights – No Worse Off Guarantee (NWOOG)	Options include 100% annuity; 75 % annuity plus 25% tax free lump sum; Drawdown of NWOOG value	<ul style="list-style-type: none"> • Specific pension protection for those FIG employees who were aged 40 before 01 Jan 1997 and employed with FIG until at least 01 Jan 2001. Reduction in benefit if taken before age 60.
Protected Rights – Pre-1997 Protection	Options include 100% annuity; 75 % annuity plus 25% tax free lump sum; Drawdown of Pre-1997 value	<ul style="list-style-type: none"> • Specific pension protection for those FIG employees who were in employed on or before Jan 1997 and employed with FIG until at least 01 Jan 2001. Must be taken after age 55 and reduction in benefit if taken before age 60.

Retirement Benefits

If you have either of the Pension Protection options the Pensions Office can give you more details. Any estimate letters will include all options for you to see how your protections alter benefits due at retirement

Annuity Purchase and Protected rights pension

Can be claimed throughout the year by notification to the Pensions Office. If you select either the rest of life pension of 100% of fund or a rest of life pension of 75% of individual fund a qualifying annuity will need to be purchased to calculate the annual pension payable.

This annuity contract must provide:

- For the pension to be payable for the rest of the members life;
- A spousal pension of not less than 50% or more than 100% of the members annuity in the case of the death of the member;
- A dependant pension equal to 25% of the members annuity, or if more than 2 dependants an amount in total not more than 50% of the members annuity in the case of the death of the member;
- An annual increase of at least 3% per year;
- A guarantee to pay the annuity for at least 5 years, and in the event of the death of the member to pay the Pensions Board any amount which would have been payable to the member until a minimum of 5 years annuity is paid;
- That the annuity shall not be capable of assignment or surrender.

Historically it has been noted that obtaining a qualifying annuity in the Falklands Islands can be complicated, and therefore the Pensions Board will assist with obtaining a competitive insurance company to secure your pension.

Flexible Drawdown

You must notify the Pensions Office by the 1st July each year to allow process of drawdown to occur in September of the same year. If you do not notify the Pensions Office by July of a year it will not be possible for you to take a drawdown element in that year.

If you select the flexible drawdown option you will need to decide how much you wish to drawdown each year and submit a benefit claim form to the Pensions Office. The first drawdown **must** be a minimum of 25% of your Individual Fund value. 25% of your total fund value on your first drawdown will be tax free.

You can choose to take up to 100% on the first drawdown, any amount in excess of the tax free 25% will have tax deducted at source of 21%. This will be paid directly to the Tax Office by the Pensions Office.

If you opt to have flexible drawdown over a number of years, any amount in year one in excess of the 25% will have tax deducted at source of 21%. Any further payments in future years will be taxed at 21% of the total drawdown figure you opt to receive that year. Annual benefit payments will need to be a minimum of £5,000.

If you opt to have flexible drawdown over a number of years any remaining Individual fund will continue to be invested. This can result in a change in the value of funds as this will depend on investment performance

During the drawdown process individuals can opt to purchase an annuity with the remainder of their fund, but once an annuity has been purchased you cannot revert to the drawdown option.

Retirement Benefits – How to Claim

The Pensions Office can provide you with a quote detailing the various options available to you on retirement. Please note that the fund values in this quote can change depending on future investment performance which will result in the final figures on disinvestment being different to estimates provided.

Annuity Options

If you wish to select any of the annuity options you will need to confirm to the Pensions Office, by completing the claim form available from the Pensions Website or by contacting the Pensions Office, and confirm the date you are retiring. The Pensions Office will send the instruction to disinvest your fund. Once disinvested the Pensions Office will complete a final calculation of your benefit based on your final fund value, and issue this to you via a pension benefit statement.

Payment will then be made to you on a monthly basis according to the details you provide. It is estimated that the first payment can be made within 30 days of your instruction.

If you are uncertain about any decision to do with investments or your pension, you should consider taking independent financial advice

Flexible Drawdown Option

If you wish to select the drawdown option you will need to confirm to the Pensions Office, by completing the claim form, by the 1st July in the year you wish to receive your first payment. The claim form will need to include the amount you wish to drawdown in that year.

Drawdown payments are paid annually on the 30th September, therefore any requests for drawdown received after the 1st July will not be processed until September of the following year. An admin fee of £150 for each drawdown claim will be automatically deducted from the amount you will receive.

£150 admin fee for drawdown
Annual deadline 1st July



Falkland Islands Pension Scheme (FIPS) Benefits



- FIG employees on local contracts *FIG contributes 10% of basic salary, FIG employees contribute 5% basic salary since 2005 (Pre-1997 protection and other exceptions exist)
- Members may make Additional Voluntary Contributions
- **Contract officers MAY NOT join the Scheme**

Members who are in the Scheme <4yrs may be paid the value of their account if leaving FI (Taxable income)

Members contribute to Scheme = Individual Account

Early retirement due to ill-health or disablement; benefits may be accessed early

Age 50 - can access benefits

Use 100% Individ. Acc. purchase rest of life annuity

<25% lump sum (tax free) + purchase rest of life annuity

Flexible drawdown 25%-100% (25% tax free*)

Deferral of some of all of your Individual Account

Age 65 - Normal retirement age

Annual drawdown 30th Sept (min £5,000 unless Individ. Acc. <£5,000), £150 fee, normal tax applies

Purchase rest of life annuity with remaining Individ. Acc.

Age 75 - must access benefits

Individual Account exhausted

No Worse Off Guarantee (Age 40 before 01/01/1997 & FIG employee until at least 01/01/2001). Benefit options: deferral, annuity, lump sum as above but drawdown of MWOOG value. If accessing benefits before age 60 then it is a reduced amount.

Pre-1997 (FIG employee on/before 01/01/1997 until at least 01/01/2001. Benefit options: deferral, annuity, lump sum as above but drawdown of pre-97 value. Can only access from age 55, if accessing benefits earlier than age 60 then it is a reduced amount.

Once fund accessed FIG employees must make employee contributions* to be eligible for death-in-service benefits. FIG does not pay 10% after fund accessed

Death before accessing all benefits

Death before benefits

Individ. Acc. in discretionary Trust

Eligible FIG death-in-service 100% fund or 2 x salary (whichever is greatest)

Funds paid out to nominated beneficiaries (Expression of Wish form)

Individual Account: invested = growth. After disinvestment at retirement it will decrease (non-linear) *if electing to drawdown you may not contribute until Individ. Acc = £0

"Portability" - members may transfer existing pension funds into the Scheme, or transfer funds out of the Scheme in to a pension Scheme offering "similar benefits" - in practice this is case by case dependent as many Schemes have different rules (e.g. age 57 for accessing benefits) and will not accept transfer to/from FIPS

Ill-Health/Disability Benefits

Benefits Payable to FIG employees

If a Member retires at any age on the grounds of ill-health or disability, they can use the money in their Individual Account to arrange retirement benefits as though they had reached normal retirement age, waiving the rule which prevents payment of benefits before age 50 if applicable, provided:-

- You are a member of the Scheme, and
- You have more than two years continuous service with Government, and
- The Chief Medical Officer has issued an early retirement certificate confirming that you are permanently incapable of carrying out the duties of any employment in Government due to ill-health or disability, and
- The Chief Medical Officer has recommended ill-health retirement.

The benefits you are entitled to receive vary depending on whether your employment start date was before or after 1 April 2011.

Any Social Welfare benefits to which you may otherwise be entitled will be subject to review to take into account any benefits which you receive under the following provisions.

For more information on Benefits that the Scheme can provide contact the Pension Office, Secretariat.

fips@sec.gov.fk
+500 28416

Government employees with a start date before 1 April 2011

Government will pay you a benefit equivalent to two-thirds of the Pensionable Salary you were receiving before your absence until you reach normal retirement age. Your benefit will increase each year in line with any cost of living awarded to Government employees.

How your final pension is affected

Your Individual Account will continue to accumulate while you are ill or injured as follows:

- Government Contributions - your pension is fully protected. Government will continue to pay contributions to your Individual Account based on the Pensionable Salary you were receiving before you became unable to work, increased each year in line with any cost of living awarded to Government employees.
- Retirement Pension - Government will continue to arrange the deduction and payment of your Retirement Pension contributions as though you were still in receipt of salary and so your entitlement to this pension will continue to accrue.

How your Death Benefits are affected

You will continue to be covered for your full death benefits, based on the Pensionable Salary you were receiving before your absence, increased each year in line with any cost of living award to Government employees. Please see section 10 for more details on death benefits for FIG employees.

Abatement of Benefits

If you recover to the extent that you return to employment, either with FIG or another employer, before normal retirement age, your ill-health benefit will be abated to the extent that your total earnings including the ill-health benefit exceed the current salary of the position you formerly occupied in Government service.

Ill-Health/Disability Benefits

Government employees with a start date after 31 December 1996

You may choose between Option A – Pensions Old Scheme Fund (OSF) Benefits and Option B – Scheme Benefits (see below for details). The Pensions Officer will advise you what income you can expect to receive under each Option.

You must notify your choice of Option to the Pensions Board in writing within one year of the date of the Chief Medical Officer's early retirement certificate (see above). If you fail to notify your choice of Option to the Pensions Board, you will not be able to receive any benefits until you reach retirement age as explained in Chapter V.

Option A – Old Scheme Fund

You can surrender the money in your Individual Account attributable to Government service (i.e. excluding amounts in your Individual Account attributable to additional voluntary contributions or to any employment otherwise than in Government service) to the OSF.

In return Government will pay you a pension for life calculated as:

$n / 80 \times \text{pensionable salary}$

where (for employees with at least 2 but less than 10 years of service) $n = \text{number of years of service} \times 2$

OR (for employees with at least 10 years of service) $n = \text{number of years of service} + 10$

BUT subject to a maximum of either 40 years of service or, if you are aged at least 54 at retirement, the number of years you would have been employed by the Government if you had continued in your current employment to age 64.

Your OSF pension will increase by at least 3% per annum.

Lump Sum

Up to one-quarter of your OSF pension may be commuted to a lump sum at the rate of £12.50 per £1 per annum

Death Benefits when selecting an OSF Benefit

Upon your death (whether before or after normal retirement age) Government will pay your spouse a pension for life of 50% of your pension.

Government will also pay each of your dependents upon your death a pension of (if there is one dependent) 25% of your pension or (if there is more than one dependent) 50% of your pension divided by the number of dependents, the pension being paid until the dependency ceases (age 18 in the case of children who are not dependent otherwise than by age).

If you die within 5 years of retirement, your estate will receive the balance of the pension payments which (had you not died) you would have received during the first 5 years of retirement.

Abatement of Benefits

If you recover to the extent that you return to employment, either with FIG or another employer, before normal retirement age, your ill-health benefit will be abated to the extent that your total earnings including the ill-health benefit exceed the current salary of the position you formerly occupied in Government service.

III-Health/Disability Benefits

Government employees with a start date after 31 December 1996 cont..

You may choose between Option A – Pensions Old Scheme Fund (OSF) Benefits (previous page) and Option B – Scheme Benefits (below). The Pensions Officer will advise you what income you can expect to receive under each Option.

You must notify your choice of Option to the Pensions Board in writing within one year of the date of the Chief Medical Officer's early retirement certificate (see above). If you fail to notify your choice of Option to the Pensions Board, you will not be able to receive any benefits until you reach retirement age as explained in Chapter V.

For more information on Benefits that the Scheme can provide contact the Pension Office, Secretariat.

fips@sec.gov.fk
+500 28416

Option B – Scheme Benefits

You can use the money in your Individual Account attributable to Government service (ie. excluding amounts in your Individual Account attributable to additional voluntary contributions or to employment otherwise than in Government service) to arrange retirement benefits as though you had reached normal retirement age, waiving the rule which prevents payment of benefits before age 50 if applicable.

If you choose Option B – Scheme Benefits, you shall not be entitled to defer receipt of certain retirement benefits up to age 75 so far as they relate to the money in your Individual Account attributable to Government service.

Money in your Individual Account attributable to additional voluntary contributions or to employment otherwise than in Government service can be added to the money attributable to Government service and used to arrange retirement benefits, or can be left invested in the Scheme until no later than age 75 at which time they must be used to arrange retirement benefits.

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Death Benefits

Death before retirement while in FIG employment (with Individual Account)

If you die while employed by FIG the value of your Individual Account with reference to your FIG employment will be paid to FIG to fund death in service benefits. You are only eligible for a death in service benefit if you have an Individual Account, therefore if you have already claimed benefits from the Scheme and have not opted to re-join the Scheme when entering employment with FIG you will not be eligible for any death in service benefits.

The following benefits are payable:

- A tax-free lump sum equal to twice your Pensionable Salary;
- A pension to your spouse equal to one third of your Pensionable Salary;
- A pension for each of your children up to age 18, and other dependants for life or until their dependency ceases, equal to one ninth of your Pensionable Salary;
- The value of all AVCs with accrued investment earnings attributable to them paid to your nominated beneficiary;
- Any contributions paid into your Individual Account which are not attributable to your employment with Government (e.g. a transfer value paid into the Scheme from another pension Scheme, or contributions paid by a former employer before you entered Government service) with accrued investment earnings attributable to them paid to your nominated beneficiary.

A pension for a child under age 18 is payable until their 18th birthday in respect of any child of your own, whether through your current or previous marriages, or born outside of marriage, including adopted children.

A pension for a dependant is payable for life, or until their dependency ceases, in respect of any person who in the opinion of the Pensions Board is unable by reason of any physical or mental disability or illness to maintain themselves to any extent, and was to any extent financially dependent on the member at the time of their death, and might reasonably be regarded as having been likely to remain so dependant for at least 5 years (assuming the member had not died). This would include any child of your partner by a previous relationship if they are financially supported by you.

A pension payable in respect of a child or other dependant will be paid to-

- to a parent or legal guardian for children under age 18;
- direct to other dependants age 18 or over unless they are incapable of managing their financial affairs;
- to a trust created for any child under age 18 who has no parent or legal guardian, or to a trust created for any other dependant who is incapable of managing their financial affairs and for whom no guardianship arrangements of any kind are in place.

Pensions payable to spouses, children and dependants are increased each year at 3% per annum. The benefits are based on the Pensionable Salary payable at the date of death.

If a member dies before retirement and has no Individual Account no death in service benefit will be payable.

Death Benefits & Divorce

Death after retirement

The benefits will depend on the retirement option selected by the member.

If in receipt of either a full or reduced annual pension where applicable the spouse of the member will receive a reduced pension (50%) from the members date of death until the spouses date of death. If the member (or spouse, if later) has any dependants on the date of their death the dependants will receive a reduced pension for life or until their dependency ceases.

If any part of the Individual Account has been deferred the value of the Individual Account will be paid by the Pensions Board either to the beneficiaries nominated on their Expression of Wish Form or to their personal representatives. The Pensions Board are not bound to follow a completed Expression of Wish form however will use this to guide them. This is because if a member forgets to change their Expression of Wish form following a change in their personal circumstances the Board can pay the benefits to the appropriate persons.

If the member has selected flexible drawdown, payment of the remaining Individual Account value will be paid by the Pensions Board either to the beneficiaries nominated on their Expression of Wish Form or to their personal representatives. The Pensions Board are not bound to follow a completed Expression of Wish form however will use this to guide them. This is because if a member forgets to change their Expression of Wish form following a change in their personal circumstances the Board can pay the benefits to the appropriate persons.

Pension sharing on divorce

Pension sharing is available when the court has made a pension sharing order under Section 26A of the Matrimonial Causes Ordinance 1979.

A pension sharing order will specify the rights under a specified pension arrangement an individual is entitled to, the percentage or amount of the pension arrangement which is available to be shared by the parties, the amount payable to the other party, how the amount is to be paid and the timescale for payment.

Pension arrangement means any pension on retirement payable by the Scheme, any annuity contract provided for from the Scheme or any annuity purchased or transferred for the purpose of giving rights under the Scheme.



Taxation

The Falkland Islands Government Taxation Office has a specific guide on Taxation of the FIPS. A summary of the FI taxation relating to the Scheme is detailed below, however please note that to ensure you are aware of the correct taxation of payment of benefits or relief on contributions you should review the updated guide from the Tax Office.

Contributions

Depending on a member's individual tax circumstances tax relief may be given for contributions made into the Scheme. Individual contributions which are made on up to 20% of relevant earnings are tax deductible and should be claimed.

In addition there are specific tax rules for members to be able to carry forward unused relief for up to 6 years. To be able to claim relief members must detail contributions paid on their annual tax return.

FIG Tax Office

Tel: 28477

www.falklands.gov.fk/taxation

Benefits

Benefits which members receive from the Scheme are treated as taxable income. A tax-free lump sum is available up to the value of 25% of a members Individual Fund. Any amount in excess of this will be taxable income for tax purposes and will need to be detailed on your tax return.

Refunds

If you receive a refund of contributions due to being a member of the Scheme for less than 4 years and because you are leaving the Falkland Islands permanently the refund will be subject to tax.

Tax will be deducted at source at 21% and paid to the Tax Office. You will need to declare the amount as income on your annual tax return. During the annual tax return process any refunds or additional liability will be calculated



(c) Becky Rees

Leaving the Falklands before age 50

You cannot claim benefits from the Scheme before age 50 unless you are eligible for ill-health or disability benefits. If you wish to claim ill-health or disability benefits there is more information on how to access benefits in on page 12.

There are a number of options available to those who are under 50 years old and leaving the Falkland Islands permanently. Depending on your individual circumstances you may not be eligible for all options. If you are unsure please contact the Pensions Office who can advise on the options which are specific to your personal circumstances but cannot advise you on which option to take.

OPTION	DESCRIPTION	NOTES
Keep your fund with the Scheme	Leave your funds invested in your Individual Account and select benefit option once you are aged 50 or above.	<ul style="list-style-type: none"> • Guaranteed annual income for remainder of life • Additional benefits such as annual pension increase.
Withdrawal of funds	If you have been a member for less than 4 years you can opt to withdraw the full value of your Individual Account	<ul style="list-style-type: none"> • Must be a member of the Scheme for less than 4 years. • Total value of individual account can be accessed including any employer contributions • Amount refunded will have tax deducted at source of 21%
Transfer of funds to alternative Scheme	Transfer the value of your Individual Account to another pension Scheme	<ul style="list-style-type: none"> • Allows the member to combine pension pots • The receiving Scheme will have to accept the transfer from the FIPS Scheme. The Pensions Board will be required to approve a transfer to ensure that the receiving Scheme offers similar benefits to members.

Leaving employment

Changing or leaving employment before age 50

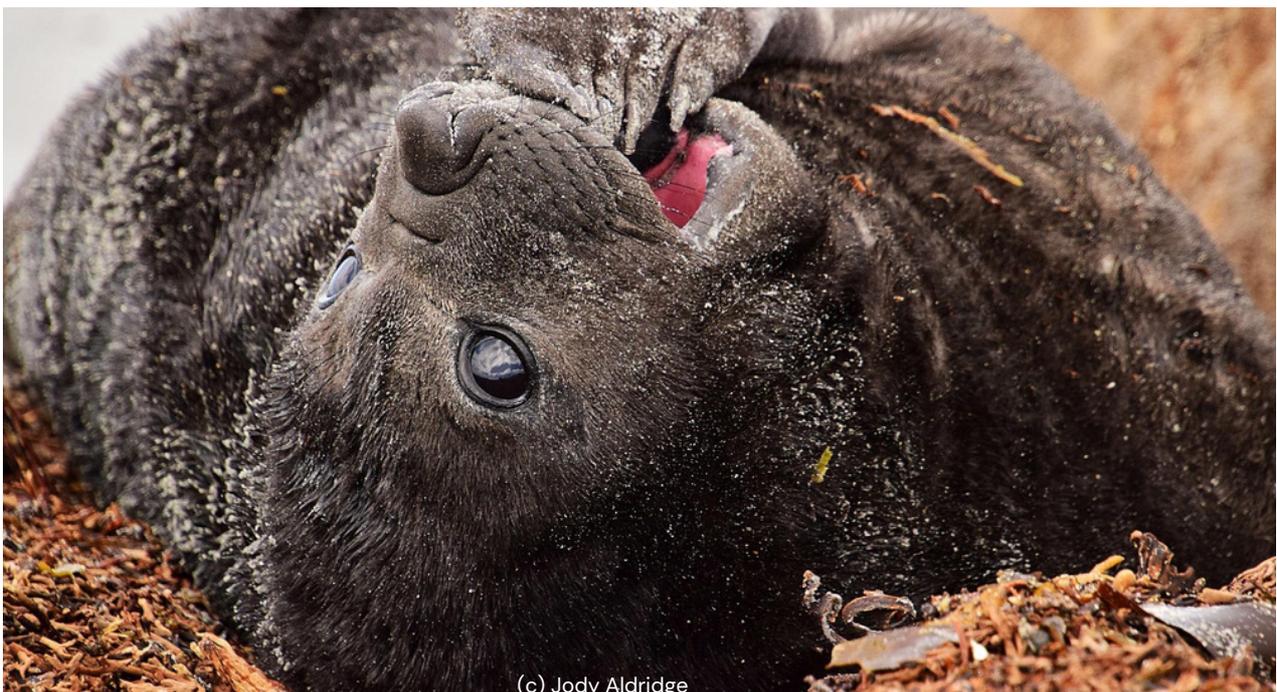
If you leave an employer before retiring, your Individual Account will remain with the Scheme and will continue to be invested. You can choose to continue paying into your Individual account or to no longer make payments.

- If you take up employment with another employer you and/or your new employer will be able to make contributions to your individual Account.
- If you become self-employed you can make further contributions to your Individual Account.
- If you are not in employment but still wish to make contributions you may do so.
- You can decide to no longer make contributions into your Individual Account and leave it until you decide to claim benefits from the Scheme.

Leaving employment after age 50

The rules of the Scheme allow members to access their benefits from age 50 – 75. If you leave your employer after age 50 and before you retire and claim your benefits you can choose to continue paying into your Individual account or to no longer make payments.

If you decide to no longer make contributions into your Individual Account your fund will continue to be invested until such time as you want to claim your benefits.



(c) Jody Aldridge

Notices, Instructions and Requests

From the Pensions Board to you

As a member of the Scheme you will receive correspondence throughout the year. This will be issued to your address registered to the Scheme. It is important you update your details if you move to ensure that information can be sent to the correct address.

An annual member statement will be issued in July of each year. It will include a summary of the annual accounts and an annual report on the Scheme.

If you have actively contributed in the previous calendar year a statement of contributions will be sent to you in January. This information will assist you to complete your annual tax return.

If you were in receipt of a pension or completing drawdown in the previous calendar year you will receive details of amounts paid to you in January. This information will assist you to complete your annual tax return.

You can request details on your estimated benefits at retirement at any time by contacting the Pensions Office.

From you to the Pensions Board

Your personal details can be updated by using the member portal on the website www.hartlinkonline.co.uk/fips or by contacting the Pensions Office to request a form to update details.

To claim your pension option members are required to complete a claim form and return to the Pensions Office. Claim forms must be signed but a scanned, emailed copy can be accepted.

An Expression of Wish form details to the Pensions Board how you would like your fund to be distributed in the case of your death. The Pensions Board will consider this if required in the case of your death. You can update your Expression of Wish in the member portal on the website www.hartlinkonline.co.uk/fips or by contacting the Pensions Office to request a form to update details.

You can amend your investment instructions either by using the member portal on the website www.hartlinkonline.co.uk/fips or by contacting the Pensions Office to request a form to update your investments.

Please try to keep your username, password and PIN safe. Capita can assist you with resetting these if required – you can contact them directly on ips@capita.com

Complaints

Adjudicator

The Pensions Board is responsible for appointing an Adjudicator to consider any disagreements or disputes which arise concerning the Scheme. Such disagreements or disputes might involve members and/or employers and/or the Pensions Board and/or any agents of the Pensions Board involved in the administration of the Scheme. The Adjudicator does not have power to consider any complaints regarding the investment performance of the funds.

Any member or prospective member of the Scheme, any employer of members or prospective members of the Scheme, and any spouse or dependant of a deceased member of the Scheme, can make a complaint.

A complaint must not be made unless the complainant has already brought the problem to the attention of the other person or body involved, and either they have not responded or the complainant is dissatisfied with their response.

For a copy of the Complaints Procedure please visit www.hartlinkonline.co.uk/fips
Or contact the Pensions Office

Any complaints should be made in writing and signed by the complainant (or by their representative) to the Adjudicator, and should state:-

- the full name, address and date of birth of the complainant
- where the complainant is a spouse or dependant, their relationship to the member and the full name, last address, date of birth and date of death of the member
- the full name and address of any representative of the complainant
- the complainant's address for correspondence
- a statement as to the nature and facts of the disagreement with sufficient details to show why the complaint is being made

Where the complaint involves the complainant's employer, the complainant must copy the complaint to the employer within 5 days of submitting the complaint.

The Adjudicator will give a written decision on the complaint to the complainant, and will copy the decision to the Pensions Board and, where relevant, the employer, within two months of the complaint being lodged. If a decision cannot be reached within two months, you will be told why the decision is late and when you can expect it. Everyone served with a copy of the Adjudicator's decision must take all necessary steps to give effect to the Adjudicator's decision.

The name and contact details of the Adjudicator can be found on the website www.hartlinkonline.co.uk/fips including a link to the Scheme complaints procedure and guidelines or can be provided to you by the Pensions Office.

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members of the
Scheme

Useful websites

Falkland Islands Government Pensions Website

www.falklands.gov.fk/pensions

The Falkland Islands Government website for pensions in the Falkland Islands, includes details for the Falkland Islands Retirement Pension Scheme and the Falkland Islands Pensions Scheme.

General information on the Scheme can be found on the Falkland Islands Government website in addition to forms and contact details.

Capita Registration

For security purposes it is necessary for you to register on the new website, even if you were already registered on the previous website.

Capita Individual Website

www.hartlinkonline.co.uk/fips

The Capita member website to give members information on their Individual Account, investment options and Scheme information. Once logged in you will be able to update your personal details, amend your Expression of Wish and change your investment options. Details of the value of your Individual Account are also available on this website. Other features include detailed transaction histories, pension planner, fund performance comparisons and a self-service for resetting password/PIN

If you have not accessed the website before you will need to register to allow you to access your account. The website has two step authentication, which means members will need to set their log in name, PIN and password. Click on the 'Register' button and follow the on screen instructions. You can receive a reminder or details how to reset these at a later date if you forget them.

You can contact Capita directly on ips@capita.com



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FIG Pensions Office
Secretariat, Ross Road, Stanley,
Falkland Islands
Telephone +500 28416
Email: fips@sec.gov.fk

If you have any
questions please
contact the Pensions
Office

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Secretariat, Ross Road, Stanley,
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