

REGIONAL HEALTH AUHORITIES

PENSION FUND PLAN

MEMBERS' BOOKLET

**REGIONAL HEALTH AUTHORITIES PENSION FUND
PLAN**

CONTENTS

	Page
1. INTRODUCTION	1
2. DEFINITIONS	2
3. MEMBERSHIP	4
3.1 Who is eligible to become a Member?	
3.2 How do I become a member of the Plan?	
3.3 Will Membership of the Plan affect my entitlement to benefits from the National Insurance System?	
3.4 Who is a Nominated Beneficiary?	
3.5 Can I change my Nominated Beneficiary?	
4. PERIODS OF SERVICE COVERED BY THE PLAN	5
4.1 What periods of service does the Plan recognise as pensionable?	
4.2 Will I get any benefits from the Government for my service as a public officer?	
5. CONTRIBUTIONS	6
5.1 What level of contributions must I pay to the Plan?	
5.2 Can I contribute more than the required contributions?	
5.3 How do I contribute to the Plan?	
5.4 Do I get Income Tax relief on my contributions?	
5.5 What does the RHA pay?	

CONTENTS - Continued

	Page
6. RETIREMENT	7
6.1 NORMAL RETIREMENT	7
6.1.1 What is the normal date for retirement?	
6.1.2 How is my pension calculated?	
6.1.3 Can I have a lump sum payment when I retire?	
6.1.4 How much is the lump sum payment?	
6.1.5 Will my monthly pension be subject to Income Tax?	
6.1.6 How is the pension paid?	
6.1.7 Will pensions be increased to reflect changes in the cost of living?	
6.2 EARLY AND LATE RETIREMENT	8
6.2.1 Can I retire before Normal Retirement Date?	
6.2.2 What pension will I receive if I retire early?	
6.2.3 Can I have a lump sum payment?	
6.2.4 Can I remain in service after Normal Retirement Date?	
6.3 ILL-HEALTH RETIREMENT	
6.3.1 Who can retire on grounds of ill-health?	
6.3.2 What pension will I receive?	
6.3.3 Can I have a lump sum payment?	
6.3.4 What happens if my condition improves after I retire on grounds of ill-health?	

iii
CONTENTS - Continued

	Page
7. DEATH IN SERVICE	10
7.1 What payments are made if I die in service before age 60?	
7.2 What will my spouse and children receive if I die in service before age 60?	
7.3 How is this pension paid to my spouse and children?	
7.4 For how long will my spouse and children be paid a pension?	
7.5 Will the pension paid to my spouse and children be increased to reflect changes in the cost of living?	
7.6 What if I die in service after age 60?	
8. DEATH AFTER RETIREMENT	13
8.1 What will my Nominated Beneficiary receive if I die after retirement?	
8.2 Will my spouse and children receive a pension if I die after retirement?	
9. EMPLOYMENT IN ANOTHER RHA	14
9.1 What happens to my pension entitlements if I go to work for a different RHA?	
9.2 If I join a different RHA can I get a refund of my contributions to my previous employer's section of the Plan?	
10. LEAVING THE EMPLOYMENT OF AN RHA WITHOUT JOINING ANOTHER RHA	14
10.1 What benefits can I have if I leave before completing 5 years of Pensionable Service?	

iv
CONTENTS CONTINUED

	Page
10.2 What benefits can I have if I leave after completing 5 years of Pensionable Service?	
10.3 Can I transfer my pension rights to another pension Plan?	
10.4 What benefits are payable if I die after becoming entitled to a deferred pension?	
10.5 Can I surrender part of my deferred pension for a lump sum?	
10.6 If I have more than 5 years of Pensionable Service can I still get a refund?	
11. GENERAL	16
11.1 Can I borrow against my anticipated pension benefits?	
11.2 Can I give up my anticipated pension benefits for cash before retirement?	
11.3 Can the Trust Deed be amended?	
11.4 Can the Rules be amended?	
12. THE ADMINISTRATION OF THE PLAN	17
12.1 THE TRUSTEES	17
12.1.1 What do the Trustees do?	
12.1.2 Who are the Trustees?	
12.2 THE PENSIONS OVERSIGHT COMMITTEE	19
12.3 THE MANAGEMENT COMMITTEE	19
12.3.1 The Actuary	
12.3.2 The Auditor	

v
CONTENTS CONTINUED

		Page
APPENDIX 1	EXAMPLES OF PENSION CALCULATIONS	22
APPENDIX II	A COMPARISION BETWEEN THE PENSIONS ACT CHAP. 23:52 AND THE RHA PENSION PLAN	25
APPENDIX III	COPY OF AMENDMENT TO THE RHA ACT ON “PRESERVATION” OF BENEFITS TO THE TRANSFERRING PUBLIC OFFICERS (ACT NO. 17 OF 1999)	28

1. INTRODUCTION

This booklet outlines the terms and conditions governing your membership and the benefits that the RHA Pension Fund Plan will provide to you, your family and other beneficiaries. It has been written in question and Answer form and aims to anticipate the questions you might have about the plan.

It makes special provisions for certain categories of employees, for example, former Public Officers and employees of the former Eric Williams Medical Sciences Complex Authority (the former EWMSCA), from time to time specific mention will be made where issues unique to those members are relevant.

The Regional Health Authorities Pension Fund Plan (referred to in the rest of this Booklet as “the Plan”) has been established to provide pensions and related benefits to the employees of the five Regional Health Authorities (RHAS”) in Trinidad and Tobago. Each of the RHAs has its own separate and self-contained section of the Plan and as a permanent full-time employee of an RHA you are required to be a member of that RHAs Section.

The plan was established in September 1999 and is governed by a Trust Deed and the accompanying Rules. If in our effort to communicate the Plan in a clear and understandable manner we have unintentionally mis-stated any of the Plan’s provisions, the Trust Deed and Rules remain the final authority.

In this regard, three pertinent Appendices are attached for your information and guidance, namely, (i) Examples of Pension Calculations (ii) Comparison showing benefits under the Pensions Act, Chap 23:52 and RHAs Pension Plan and (iii) Copy of Amendment to RHA Act on “Preservation” of benefits to transferring public officers (Act No 17 of 1999).

DEFINITIONS

The undermentioned terms have special meanings in this Booklet. For your convenience we define them all in this section.

“The RHA” means the Regional Health Authority that currently employs you.

“Salary” is the part of your remuneration that is pensionable under the Plan.

This consists of:

- I. Your basic salary
- II. Personal allowance, if any:
- III. House allowance, if any, or the estimate value of free quarters, up to an amount not exceeding one-sixth of the basic salary.

All other allowances, (for example, COLA, travelling, bonus payments, etc.) are excluded for pension purposes.

“Final Salary” is the remuneration on which pensions are calculated. For most people, Final Salary will be your annual rate of Salary at the date of retirement. However, if you transferred to a new post during your last three years of membership of the plan and received an increase in salary as a result, Final Salary will be calculated as the greater of:

- a. Your Salary averaged over your last three years of Plan membership.
- b. The annual rate of Salary you would have been receiving at retirement had you not transferred to the new post.

“Pension Laws” means various laws under which pensions are provided to certain officers in the public service and to employees of certain statutory authorities.

These laws are as follows:

- I. Pensions Act, Chap. 23:52;
- II. Pensions Extension Act, Chap. 13:02;
- III. Prison Service Act, Chap. 13:02;
- IV. Defense Act, Chap. 14:01
- V. Police Service Act, Chap. 15:01;
- VI. Municipal Corporations (Pension) Act, Chap. 25:05;
- VII. Fire Service Act, Chap. 35:50
- VIII. Teacher’s Pension Act, Chap.39:02
- IX. Assisted Secondary School Teacher’s Pension Act, Chap.39:03

“Preserved Government Benefits” are benefits that the Government will pay to Plan members who are covered by a pension law before joining the Plan. The Preserved Government Benefits are based on your pensionable emoluments as defined in the relevant Pension Law immediately before you joined the Plan and on your service to that date.

“Statutory Authority” means those Authorities listed under the Statutory Authorities Act, Chap. 24:01 (The former Eric Williams Medical Sciences Complex Authority and the Regional Health Authorities do not fall under this Act.

3. **MEMBERSHIP**

3.1 *Who is eligible to become a member?*

You must be:

- (i) a permanent full-time monthly-paid employee of the RHA; and
- (ii) between the ages of 17 and 55 years. Proof of age must be provided.

Certain specified employees of the former EWMSCA who are paid more frequently than monthly will be deemed to be monthly-paid for the purposes of the Plan and shall be eligible to join. The upper age limit of 55 years does not apply to an officer in the Public Service or a Statutory Authority who transfers to the RHA or to an employee of an RHA who subsequently transfers to another RHA within a period of two (2) years provided no benefit was received under a Pension Law or from another section of the RHA Pension Plan.

3.2 *How do I become a member?*

By completing the relevant Membership Application Form which must be submitted to the Management Committee of the RHA. You are also encouraged to complete a Nomination of Beneficiary Form.

3.3 *Will Membership of the Plan affect my entitlement to benefits from the National Insurance System?*

NO.

3.4 *Who is a Nominated Beneficiary?*

Your Nominated Beneficiary is the person or persons you choose as the recipients of certain benefits payable under the Plan in the event of your death.

You may nominate any person to be your Nominated Beneficiary by completing a Nomination of Beneficiary Form. The completed form must be returned to the Secretary of the Management Committee of the RHA's section of the Plan.

3.5 *Can I change my Nominated Beneficiary?*

Yes. You can do this by completing another Nomination of Beneficiary Form and submitting it to the Secretary of the Management Committee. It is important that you keep your nomination up to date as your personal circumstances change. Failure to fill out a Nomination of Beneficiary Form will result in any lump sum benefit due on your death being paid to your legal personal representative(s).

4. **PERIODS OF SERVICE COVERED BY THE PLAN**

4.1 *What periods of service does the Plan recognise as pensionable?*

- (i) Service as a member of the Pension Plan.
- (ii) Service in an RHA before the effective date of the Plan.
- (iii) Service under a relevant Pension Law provided that you do not receive any benefits under that Pension Law while you are a member of the Plan.
- (iv) Service as a permanent full-time monthly-paid employee of the former EWMSCA or service deemed to be monthly-paid for the purposes of the Plan.
- (v) Service as a former employee of an RHA where there is no more than a two (2) year break between both periods of service provided you have not received any benefits from that Section of the Pension Plan.

4.2 *Will I get any benefits from the Government for my service as a public officer?*

Yes. Provided that you held a permanent appointment and you were confirmed in the Public Service. You will be entitled to Preserved Government Benefits on:

(a) retirement;

(b) death; and

(c) termination of service from an RHA with at least five years' pensionable service under a Pension Law for which no benefits were received.

5. **CONTRIBUTIONS**

5.1 *What level of contributions must I pay to the Plan?*

You are required to pay monthly contributions to the Plan at the rate of 5% of your Salary.

For any officer who transferred to an RHA from the public service or a statutory authority, the RHA will pay a non-pensionable monthly allowance equal to your required contributions.

This allowance is not payable to individuals who were employed by the former EWMSCA.

5.2 *Can I contribute more than the required contributions?*

YES. You may elect to make limited additional voluntary contributions, which will secure additional benefits. These additional voluntary contributions cannot be reduced except with the consent of the Management Committee.

5.3 *How do I contribute to the Plan?*

Your contributions will be automatically deducted from your salary every month.

5.4 Do I get Income Tax relief on my contributions?

YES. Under current tax legislation you will be able to obtain Income Tax relief on pension plan and NIS contributions of up to \$12,000 each year.

5.5 What does the RHA pay?

The RHA pays the balance of the cost of providing all the benefits and may not contribute less than the aggregate regular contributions made by the members in any year.

6. **RETIREMENT**

6.1 NORMAL RETIREMENT

6.1.1 *What is the normal date for retirement?*

A member's 60th birthday.

6.1.2 *How is my pension calculated?*

Your pension will be calculated as:

2% of Final Salary x Pensionable Service

All complete months of Pensionable Service will be included and your pension will be subject to a maximum of two-thirds of your highest Salary during service. (See Appendix I for examples).

Persons formerly covered by a Pension Law will be paid part of the overall benefit by the Government and the balance will be paid by the Plan.

6.1.3 Can I have a lump sum payment when I retire?

YES. You are allowed to surrender up to 25% of your annual pension to be converted to a lump sum and you will receive the remaining portion as a reduced pension. Under current tax legislation, the lump sum payment is tax-free

6.1.4 How much is the lump sum payment?

You will receive \$12.50 for each \$1 of your annual pension surrendered. (See Appendix I).

6.1.5 Will my monthly pension be subjected to Income Tax?

YES.

6.1.6 How is pension paid?

You will be paid a monthly sum on the last working day of each month.

6.1.6 Will pensions be increased to reflect changes in the cost of living?

There is no guarantee that there will be an increase in pension-in-payment. However, the Trustee can recommend an increase based on the financial performance of the Plan.

6.2 EARLY AND LATE RETIREMENT

6.2.1 1 Can I retire before Normal Retirement Date?

Yes. From age 50 and before attaining age 55 you may retire at the discretion of the RHA. From age 55 you can retire voluntarily at any time.

6.2.2 *What pension will I receive if I retire early?*

You will be entitled to receive an immediate pension calculated in the same manner as for normal retirement but based on your Final Salary and pensionable service at the date of retirement. Persons formerly covered by a Pension Law will be paid part of the overall benefit by the Government and the balance will be paid by the Plan.

6.2.3 *Can I have a lump sum payment?*

YES. You are allowed to surrender up to 25% of your annual pension to be converted to a lump sum. You will receive \$12.50 for each \$1 of your annual pension surrendered. Under current tax legislation, the lump sum payment is tax-free.

6.2.4 *Can I remain in service after Normal Retirement Date?*

YES. With the consent of the RHÁ you can remain in service for a period not exceeding five years. You will cease paying contributions on your Normal Retirement Date but your pension will not be paid until you actually retire. This pension will be calculated up to Normal Retirement Date in the usual way and then increased by 3/4% for each month by which your retirement is deferred to take account of the later payment. If you wish, you will be able to exchange part of your pension for a lump sum in the usual way when you eventually retire.

6.3 **ILL-HEALTH RETIREMENT**

6.3.1 *Who can retire on grounds of ill-health?*

A member who suffers from bodily or mental incapacity or physical infirmity which permanently prevents him from carrying out duties reasonably assigned to him by his employer.

The decision as to whether you will be allowed to retire will be taken by the Management Committee of the RHA's section of the Plan acting on the advice of a doctor selected by the RHA.

6.3:2 *What pension will I receive?*

You will be entitled to an immediate pension from the Plan calculated in the same manner as for normal retirement but based on your Final Salary and pensionable service at your date of retirement. Persons covered by a pension law will be paid part of their overall benefit by the Government and the balance will be paid by the Plan.

6.3:3 *Can I have a lump sum payment?*

YES. You are allowed to surrender up to 25% of your annual pension to be converted to a lump sum. You will receive \$12.50 for each \$1 of your annual pension surrendered. Under current tax legislation, the lump sum payment is tax-free.

6.3:4 *What happens if my condition improves after I retire on grounds of ill-health?*

You will be required periodically to supply evidence that you continue to be in ill-health. If the Management Committee determines that your condition has improved to such an extent that it no longer satisfies the definition of ill-health, then it has the discretion to reduce or suspend your pension.

7. **DEATH IN SERVICE**

7.1 What payments are made if I die in service before age 60?

Your Nominated Beneficiary, or your legal personal representative, will receive a lump sum of either (a), (b) or (c) below, whichever is greatest.

- (a) Your contributions to the Plan accumulated with interest to the date of your death (the rate of interest will be determined from time to time by the Trustees of the Plan and is guaranteed to be at least 4% per annum).
- (b) Your annual Salary at the date of death less any Preserved Government Benefits to which you are entitled.

- (c) 6.25% of your annual Final Salary at the date of death for each year of pensionable service up to the date of death less any Preserved Government Benefit to which you are entitled.

This the total benefit to which your Nominated Beneficiary, or your legal personal representative, is entitled under the Plan. All Preserved Government Benefits will be paid by Government.

7.2 *What will my spouse and children receive if I die in service before age 60?*

If you die leaving a legal spouse to whom you were married at the date of your death or eligible children, they will be entitled to a pension calculated as 1% of your Final Salary for each year of service as a member of the Plan, subject to a maximum pension of one third of your Final Salary. Service prior to joining the Plan does not count towards the calculation of this pension.

An eligible child is one who is either your natural or adopted child and:

- (a) Who is under age 18; or
- (b) is between the ages of 18 and 25, in full time education and unmarried; or
- (c) is, in the opinion of the Management Committee of the RHA, permanently incapacitated and is unmarried.

7.3 How is this pension paid to my spouse and children?

The full amount of the pension shall be divided from time to time between the spouse and any eligible children as follows:

If you are survived by-

- a spouse alone, that spouse will receive the entire pension.

- a spouse and two or more eligible children, the spouse will receive one-third of the pension with the remaining two-thirds being divided equally between such of the eligible children as remain eligible from time to time.
- a spouse and one eligible child, the pension will be divided equally between them.
- one or more eligible children, but no spouse, the pension will be divided equally amongst such of them as remain eligible from time to time.

7.4 *For how long will my spouse and children be paid a pension?*

The pension will be payable until the last of the following occurs:

- (a) your spouse dies or remarries; or
- (b) the last child dies or ceases to be eligible.

7.5 *Will the pension paid to my spouse and children be increased to reflect changes in cost of living?*

There is no guarantee that there will be an increase in pensions-in-payment. However, the Trustees may recommend an increase, based on the financial performance of the Plan.

7.6 *What if I die in service after age 60?*

Your Nominated Beneficiary or your legal personal representative will receive:

- a lump sum benefit as if you had retired on the day before you died and you had opted to convert 25 per cent of your pension to a cash lump sum, and the remaining portion of your pension will be paid as a reduced pension for a guaranteed period of five years.

- This amount will be less the Preserved Government Benefits, if any, that were paid by the Government.

Your legal spouse will receive:

1% of your final salary at retirement for each year of service as a contributing member of the Plan, subject to a maximum of one-third of final salary, less the 25% of this pension which was converted to a cash lump sum.

- Service prior to joining the Plan does not count towards the calculation of this pension.
- This pension will commence from the first day of the month following the end of the guaranteed period of five years.

8. **DEATH AFTER RETIREMENT**

8.1 *What will my Nominated Beneficiary receive if I die after retirement?*

If you die within 5 years from the date of retirement, your Nominated Beneficiary or your legal personal representative will continue to receive your pension for the remainder of that five-year period.

8.2 *Will my spouse and children receive a pension if I die after retirement?*

If you are survived by a legal spouse to whom you were married on or before the last day of contributory membership of the Plan and/or by one more eligible children, they will be entitled to a pension calculated as 1% of your Final Salary at retirement for each year of service as a Member of the Plan, subject to a maximum of one-third of Final Salary, less the proportion of this pension converted to a cash lump sum at retirement.

- Any pension paid by Government will cease on death.
- As with the death-in-service pension, service prior to joining the Plan does not count towards the calculation of this pension.
- This pension will commence from either the date of death or the last guaranteed pension payment made, whichever occurs later. The pension will be sub-divided between the spouse and any eligible children in the same manner as if you had died in service before age 60.

9. **EMPLOYMENT IN ANOTHER RHA**

9.1 *What happens to my pension entitlements if I go to work for a different RHA?*

Accrued service will be transferred to the other RHA section of the Plan provided that you commence employment with that RHA within 2 years of your leaving the previous RHA.

9.2 If I join a different RHA can I get a refund of my contributions to my previous employer's section of the Plan?

NO.

10. **LEAVING THE EMPLOYMENT OF AN RHA WITHOUT JOINING ANOTHER RHA**

10.1 *What benefits can I have if I leave before completing 5 years of Pensionable Service?*

You will receive a lump sum equal to your contributions paid into the Plan, accumulated with interest (the rate of interest will be determined by the Plan's Trustees and is guaranteed to be at least 4% per annum). This refund may be subject to tax (currently at the rate of 25%).

10.2 What benefits can I have if I leave after completing 5 years of Pensionable Service?

You will be entitled to a deferred pension payable from your 55th birthday. This will be calculated in the same manner as for normal retirement but based upon your Final Salary at the time you resigned and the Pensionable Service you had completed at that date. This pension will be at least as great in value as your own contributions to the Plan accumulated with interest to your date of your exit, as determined by the Actuary.

This is the total benefit to which you are entitled. If you are entitled to Preserved Government Benefits, then part of the overall benefit will be paid by the Government with the balance being paid by the Plan.

10.3 Can I transfer my pension rights to another pension plan?

If your new employer has a pension plan, it may be possible to make a transfer payment to that plan in lieu of the above benefits.

10.4 What benefits are payable if I die after becoming entitled to a deferred pension?

If you die before the date on which you are due to receive your deferred pension, a lump sum will be payable to your Nominated Beneficiary or your legal personal representative equal to your contributions to the Plan accumulated with interest to the date of your death.

If you die after your deferred pension comes into payment the benefits will be the same as if you had died after retirement.

10.5 Can I surrender part of my deferred pension for a lump sum?

Yes, but not until your deferred pension comes into payment on your 55th birthday. You are allowed to surrender up to 25% of your pension to be converted to a lump sum and you will receive the remaining portion as a reduced pension. You will receive \$12.50 for each \$1 of your annual pension surrendered.

10.6 If I have more than 5 years of Pensionable Service can I still get a refund?

The Trustees may be prepared to pay you a refund of your own contributions to the Plan together with interest in lieu of the deferred pension if.

- you are a married woman or a woman leaving to get married within one month of termination of service; or
- you are emigrating and intend to live abroad permanently, subject to the Board of Inland Revenue's approval;
- if other special circumstances apply, subject to the Board of Inland Revenue's approval.

By receiving a refund of contributions you would forfeit the right to all other benefits from the Plan which may be considerably more valuable than the amount of the refund.

11. **GENERAL**

11.1 Can I borrow against my anticipated pension benefits?
NO.

11.2 Can I give up my anticipated pension benefits for cash before retirement?
NO.

11.3 Can the Trust Deed be amended?

The RHA's collectively have the right to amend the Trust Deed, subject to the consent of the Trustees, and after consultation with the Pensions Oversight Committee, the Board of Inland Revenue and the Supervisor of Insurance.

11.4 Can the Rules be amended?

Each RHA has the right to amend certain provisions of the Rules of its section of the Plan by resolution of the Board of the RHA, subject to the consent of the Trustees and after consultation with the Management Committee.

- Any amendment to the Trust Deed and the Rules will not be valid if, in the opinion of the Plan's Actuary, it substantially diminishes the benefit entitlements accrued up to the date of the amendment by any member of the RHA's Section of the Plan.

12. THE ADMINISTRATION OF THE PLAN

The Plan is administered by a number of individuals and committees who oversee and manage its operations.

The principals involved are:

- The Trustees
- The Pensions Oversight Committee
- The Management Committees of each individual section of the Plan
- The Actuary
- The Auditor

12.1 THE TRUSTEES

12.1.1 *What do the Trustees do?*

The Trustees are independent professionals whose job is to ensure that the whole of the Plan is operated properly and in accordance with the Trust Deed and Rules. In particular:

- They make sure that all of the RHAS and the Plan's members pay the contributions require under the Rules and that they pass those contributions to the Trustees.

- They are responsible for the investment of the contributions and the safe custody of the Plan's assets. They can either carry out the investment of the assets themselves or delegate all or part of it to a separate investment manager.
- They are responsible for making sure that the correct benefits are paid.
- They maintain the Plan's accounts and the records of what proportion of the Plan's total assets belongs to the RHA's section of the Plan and to the other sections.
- They are responsible for complying with the reporting requirements of the Insurance Act.
- They recommend the annual rate by which pensions-in-payment under the Plan should be increased.
- They appoint the Plan's key professional advisors, namely the Actuary and Auditor.
- The Trustees are appointed jointly by the RHAS participating in the Plan.

12.1.2 *Who are the Trustees?*

Republic Bank Limited has been selected and appointed as the first Trustees of the Plan after an exhaustive open tendering exercise run by the Central Tenders Board. This was done following procedures recommended by independent consultants and approved by the Inter-American Development Bank. Initially, it has been agreed that the Trustees will manage the Plan's investments themselves rather than appointing a separate investment manager.

12.2 THE PENSIONS OVERSIGHT COMMITTEE

This Committee exists to oversee the aspects of the Plan's administration that affect the Plan as a whole rather than the individual sections of the Plan. In particular;

- the investment policy followed by the Trustees is subject to annual review and approval by the Pensions Oversight Committee;
- they receive and review the Trustees' quarterly investment reports;
- they approve any pension increases which may be recommended;
- the Trustees must consult with the Pensions Oversight Committee on the selection of professional advisors.

The membership of this Committee comprises representatives of the Ministries of Health and Finance, the Tobago House of Assembly as well as one Employer and Employee representative drawn from the Management Committees of each Regional Health Authority.

12.3 THE MANAGEMENT COMMITTEE

The Management Committee of each RHA's section of the Plan is responsible for aspects of the administration of the Plan that directly concern the RHA and its employees.

In particular, it is responsible for:

- admission of the RHA's employees as members of the Plan;
- the determination of eligibility for ill-health benefits;

- liaising with the Trustees with respect to the payment of contributions and benefits under the RHA's section of the Plan and gives the Trustees directions where necessary;
- maintaining records of Nominated Beneficiaries;
- ensuring that adequate membership records are maintained for the calculation of benefits under the RHA's section of the Plan and for actuarial valuations to be carried out.

This Committee consists of Employer and Employee representatives.

12.3.1 The Actuary

An actuary is an independent financial professional who specialises in pensions and insurance and who is appointed by the Plan's Trustees to carry out regular reviews of the Plan's financial status. He also advises the Trustees, Pensions Oversight Committee and Management Committees on various aspects of the Plan's operation from time to time as the need arises.

12.3.2 The Auditor

The Auditor carries out the audit of the annual financial statements of the Plan's operation to certify that they present a true and fair representation of the financial operation of the Plan.

APPENDICES

APPENDIX I

EXAMPLES OF PENSION CALCULATIONS

Examples of the pension calculations are now set out in the following examples:

Member Contributions

Consider a member with Salary of \$4,000 per month.

The member's monthly contributions will be:
 $5\% \times 4,000 = \$200$ per month.

Normal Retirement Pension for an RHA employee

(a) Consider the case of an employee who:

(i) Joined the RHA plan in 2000 at age 25

(ii) retires at age 60 in 2035 after 35 years' service with a Final Salary of \$5,000 per month.

(b) This person's total pension entitlement is based on 33% years of service (the maximum service allowed). Hence the total pension entitlement is:

$2\% \times 33 \times 5,000 = \$3,333$ per month.

Lump Sum Option for an RHA employee

The retiring employee elects to exchange 25% of the pension for a cash lump sum.

(a) The lump sum is calculated as follows:

$25\% \times 3,333 \times 12 \times 12.5 = \$124,988$

(b) The retired employee would also receive a reduced pension of:

$75\% \times 3,333 = \$2,500$.

Normal Retirement for a former Public Officer

(a) Consider the case of an employee who:

(i) started work as a public officer in the Ministry of Health in 1987 at age 32,

(ii) transferred to RHA employment in 2000 at age 45 and immediately before transfer had pensionable emoluments in the public service of \$4,000 per month, and

(iii) retires at age 60 in 2015 with Final Salary of \$5,000 per month.

(b) This person's total pension entitlement is based on

28 years of service, i.e.:

(i) 13 years in the public service, plus

(ii) 15 years as a member of the RHA's section of the Plan.

Hence the total pension entitlement is:

$2\% \times 28 \times 5,000 = \$2,800$ per month

(c) However, the employee is entitled to a Preserved

Government Benefit of a pension based on the 13 years in the public service in the year 2000. This gives a pension of

$2\% \times 13 \times 4,000 = \$1,040$ per month

(d) Thus, at retirement, the employee receives a total pension calculated as follows:

	\$ per month
From Government	1,040
From the Plan (\$2,800 - \$1,040) =	1,760
Total	2,800

Lump Sum Option for a Former Public Officer

In the example above, the retiring employee elects to exchange 25% of the pension for a cash lump sum. Thus:

(a) the lump sum is calculated as:

From Government	$25\% \times 1,040 \times 12 \times 12.5 =$	39,000
From the Plan	$25\% \times 1,760 \times 12 \times 12.5 =$	66,000
	Total	105,000

(b) the retired employee would also receive a reduced pension of:

		\$ per month
From Government	$75\% \times 1,040 =$	780
From the Plan	$75\% \times 1,760 =$	1,320
	Total	2,100

APPENDIX II

A COMPARISON BETWEEN THE PENSIONS ACT, CHAP. 23:52 AND THE RHA PENSION PLAN

	PENSIONS ACT, CHAP. 23:62*	RHA PENSION PLAN
<i>Type</i>	PayAs-You-Go Defined Benefits Plan.	Contributory Defined Benefits Plan.
<i>Membership</i>	Automatic	Compulsory
<i>Employee Contribution</i>	Nil	5% of salary (5% pensionable supplement for transferring public officers)
<i>Tax Relief</i>	On NIS contributions	On Pension Plan and NIS contributions up to \$12,000 per year
<i>Voluntary Contributions</i>	Nil	Additional voluntary contributions can be made to secure additional benefits.
<i>Pension Benefit Formula</i>	Pension Benefit 2% of Pensionable Emoluments for each year of pension able service up to maximum of 66 2/3%	Pension Benefit 2% of Final Salary for each year of pension able service up to maximum of 66 2/3%

APPENDIX II - Continued

		PENSIONS ACT, CHAP. 23:62*	RHA PENSION PLAN
RETIREMENT DUE TO AGE	Eligibility for:		
	(1) Monthly Pension	<p>(a) Permanent confirmed full time officer age 50 and over with 10 or more years' service.</p> <p>(b) Temporary officer or an unconfirmed officer with at least 10 years' service and not less than 55 years of age.</p> <p>The option to surrender up to 25% to be converted to a lump sum and to receive a reduced monthly pension equal to the remaining 75%.</p>	A permanent full time monthly paid employee of an RHA age 50 and over with at least 5 years Plan service
	(2) Lumpsum gratuity only	A permanent confirmed full time officer aged 50 and over with less than 10 years' service.	
	(1) Monthly Pension	A permanent confirmed full time officer aged 50 and over with less than 10 years service.	An immediate pension based on service at retirement Government Preserved Benefits.

		PENSIONS ACT, CHAP. 23:62*	RHA PENSION PLAN
--	--	-----------------------------------	-------------------------

DEATH	(1) <i>In Service before age 60</i>	Lump sum gratuity payable to Legal Personal Representative.	(a) Lump sum payment to Nominated Beneficiary. (b) Pension to spouse and eligible children
	(2) <i>In Service after age 60</i>	Not Applicable	(a) Lump sum payment and guaranteed pension for 5 years payable to Nominated Beneficiary; (b) Pension to spouse thereafter;
	(3) <i>After retirement</i>	Pension ceases	(a) Remainder of 5 Years guaranteed pension paid to Nominated Beneficiary. (b) Pension to spouse and eligible children thereafter.
RESIGNATION		Permanent confirmed full time officers with 5 or more years service - deferred benefits payable at age 55.	(a) Less than 5 years Plan Service – refund of contributions with interest. (b) More than 5 years Plan service – deferred benefits payable at age 55.

*Permanent Confirmed Civil Servants transferring to the RHA fall under the Pensions Act. Chap. 23.52

