

CAYMAN ISLANDS



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**A BILL FOR A LAW TO AMEND THE PUBLIC SERVICE PENSIONS
LAW (2013 REVISION) TO INCREASE THE NORMAL RETIREMENT
AGE FROM SIXTY TO SIXTY-FIVE, IN RELATION TO EMPLOYEES
IN THE SERVICE; AND FOR INCIDENTAL AND CONNECTED
PURPOSES**

THE PUBLIC SERVICE PENSIONS (AMENDMENT) BILL, 2016

MEMORANDUM OF OBJECTS AND REASONS

The Bill seeks to amend the Public Service Pensions Law (2013 Revision).

Clause 1 of the Bill sets out the short title and commencement provisions of the legislation.

Clause 2 amends section 3 of the principal Law to re-define the terms “early retirement age” and “normal retirement age” and define the term “salary grade”. By virtue of the amendments, the normal retirement age would be defined as sixty-five (instead of sixty), in relation to persons employed either by the Government or by statutory authorities or Government companies that have joined the pension scheme under the principal Law.

Clause 3 repeals and replaces section 23 of the principal Law to enable a retired participant who is receiving a pension and who is subsequently re-employed in Service to elect during the time of re-employment whether to suspend the pension and accrue further benefits under the defined contribution part of the Plan or continue to receive pension in which case no further benefits are accrued. Where a retired participant is re-employed at the same salary grade or higher, the retired participant is deemed to elect to have the pension suspended and to have additional benefits accrue in a separate account under the defined contribution part of the Plan. Where a participant eligible for early retirement opts for phased retirement, the retired participant receives the pension but no further benefits are accrued.

Clause 4 amends section 38 of the principal Law to increase, from sixty to sixty-five, the maximum age at which a participant’s maximum pension eligibility may be determined and frozen under the defined benefits part of the principal Law. The participant would then be enrolled in the defined contribution plan.

THE PUBLIC SERVICE PENSIONS (AMENDMENT) BILL, 2016

ARRANGEMENT OF CLAUSES

1. Short title and commencement
2. Amendment of section 3 of the Public Service Pensions Law (2013 Revision) - definitions
3. Repeal and substitution of section 23 - participation upon re-employment after retirement
4. Amendment of section 38 - maximum pensions

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ENACTED by the Legislature of the Cayman Islands.

1. (1) This Law may be cited as the Public Service Pensions (Amendment) Law, 2016. Short title and
commencement

(2) This Law comes into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Law and in relation to different matters.

2. The Public Service Pensions Law (2013 Revision), in this Law referred to as the “principal Law”, is amended in section 3 as follows - Amendment of section 3
of the Public Service
Pensions Law (2013
Revision) - definitions

- (a) in the definition of the words “early retirement” by deleting the words “under section 33” and substituting the words “under section 32”;
- (b) by deleting the definition of the words “early retirement age” and substituting the following definition -
“ “early retirement age” means -

- (a) in relation to an active participant employed prior to the effective date -
 - (i) any age between ages fifty and fifty-nine inclusive, after the participant has completed at least ten years of qualifying service; or
 - (ii) any age between ages sixty and sixty-four inclusive;
- (b) in relation to a participant employed on or after the effective date, any age between ages fifty-five and sixty-four inclusive, after the participant has completed at least ten years of qualifying service;
- (c) in relation to a person who, on or after the effective date, is a deferred vested participant or retired participant and incurs a permitted break in service as prescribed in regulations -
 - (i) any age between ages fifty and fifty-nine inclusive, after the participant has completed at least ten years of qualifying service; or
 - (ii) any age between ages sixty and sixty-four inclusive; and
- (d) in relation to a person who, on or after the effective date, is a deferred vested participant or retired participant and does not incur a permitted break in service as prescribed in regulations, any age between ages fifty-five and sixty-four inclusive, after the participant has completed ten years of qualifying service;

and, for the purposes of this definition, “effective date” means the date of commencement of the Public Service Pensions (Amendment) Law, 2016;”;

- (c) by deleting the definition of the words “normal retirement age” and substituting the following definition -

“ “normal retirement age” means the age of sixty-five;”;

and
- (d) by inserting after the definition of the word “retirement” the following definition –

“ “salary grade” means -

- (a) for participants within the Public Service, remuneration bands as defined in the Public Service Management Law (2013 Revision); and
- (b) for participants within the Other Public Service, the applicable pay grades within the salary structure utilized by the statutory authority or government company;”.

3. The principal Law is amended by repealing section 23 and substituting the following section -

Repeal and substitution of section 23 - participation upon re-employment after retirement

“Participation upon re-employment after retirement

23. (1) Subject to subsection (2), a retired participant who is receiving a pension and who is subsequently re-employed in Service shall elect -

- (a) to have payments under that pension suspended and to be eligible, during the period of re-employment, to make contributions and accrue further benefits in a separate account under the defined contribution part of the Plan; or
- (b) to continue to receive that pension without interruption upon re-employment and to be ineligible to make contributions or accrue further benefits under the Plan.

(2) A retired participant who is receiving a pension and who is subsequently re-employed in Service or receives a contract renewal at the same salary grade or higher before attaining normal retirement age, is deemed to have payments under that pension suspended and to be eligible, during the period of re-employment, to make contributions and accrue further benefits in a separate account under the defined contribution part of the Plan.

(3) Where a participant who is eligible for early retirement opts for phased retirement by retiring and being subsequently re-employed in Service in a position on a lower salary grade or in a part time capacity, the participant is eligible to receive a pension without interruption and is ineligible to make contributions or accrue further benefits under the Plan.”.

4. The principal Law is amended in section 38(4)(a) by deleting the words “less than sixty” and substituting the words “less than sixty-five”.

Amendment of section 38 - maximum pensions

Passed by the Legislative Assembly the day of , 2016.

Speaker.

Clerk of the Legislative Assembly.