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PUBLIC SERVICE PENSIONS LAW

(2011 Revision)

Law 6 of 1999 consolidated with Laws 1 of 2000, 12 of 2002, 19 of 2004 and 18 of 2010.

Revised under the authority of the Law Revision Law (1999 Revision).

Originally enacted-

Law 6 of 1999-14th April, 1999
Law 1 of 2000-13th April, 2000
Law 12 of 2002-15th July, 2002
Law 19 of 2004-29th July, 2004
Law 18 of 2010-28th June, 2010.

Consolidated and revised this 31st day of July, 2011.

Note (not forming part of the Law): This revision replaces the 2004 Revision which should now be discarded.

**PUBLIC SERVICE PENSIONS LAW
(2011 Revision)**

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PUBLIC SERVICE PENSIONS LAW
(2011 Revision)

PART I - General

Introductory

1. This Law may be cited as the Public Service Pensions Law (2011 Revision). Short title
2. On and after the 14th April, 1999, the pension rights of all participants shall be determined under provisions of the Plan as set out in this Law. Pension rights to be determined under this Law
3. In this Law- Definitions
 - “accounts” mean-
 - (a) a participant contribution account for the benefit of a participant under the defined benefit part of the Plan;
 - (b) a participant contribution account; and
 - (c) an employer contribution account for the benefit of a participant under the defined contribution part of the Plan;
 - “account adjustment date” means the date on which a participant’s accounts are adjusted, which date shall be the last day of each calendar year and such other dates as may be prescribed by regulations;
 - “accrued benefit” means-
 - (a) in the case of the defined benefit part of the Plan, a participant’s pension under the Plan expressed in the form of an annual benefit commencing at normal retirement age and based on service and pensionable earnings on the date of determination; and
 - (b) in the case of the defined contribution part of the Plan, the sum of the balances in a participant’s accounts on the date of determination;
 - “acting allowance” means a monthly allowance paid in addition to basic salary for carrying out duties in excess of a participant’s substantive office relating to an acting appointment;
 - “actuary” means a person who-
 - (a) either-
 - (i) has qualified as an actuary by examination of the Institute of Actuaries in England, the Faculty of Actuaries in Scotland, the Societies of Actuaries in the United States of America or the Canadian Institute of Actuaries in Canada and who is a

- current member in good standing of one of those professional associations; or
- (ii) holds some other actuarial qualification and who is, in the opinion of the Financial Secretary, suitable for recognition as an actuary for the purposes of this Law; and
- (b) who has been appointed by the Board (subject to the approval of the Auditor General) as the actuary for the Plan;

“Administrator” means the employee of the Board responsible for management of the Plan or any other person authorised by the Board to act on behalf of such employee;

“approved investment” means an investment listed in Schedule 2;

“approved plan” means the Plan and any plan registered with the Superintendent of Pensions within the Islands;

“basic salary” means a salaried participant’s full monthly salary for such participant’s substantive office, not including participant contributions, or acting, duty or other allowances;

“basic wages” means an hourly-rated participant’s full monthly wages for such participant’s substantive office, not including participant contributions, acting, duty or other allowances;

“beneficiary” means any person who is entitled under this Law to receive a pension upon the death of a participant;

“benefit commencement date” means the first day of the first period for which a participant or a beneficiary is entitled to receive an annuity or other benefit under the Plan;

“Board” means the Public Service Pensions Board as established by section 5;

“child” means a participant’s child (including an adopted child who was adopted in a manner recognised by law, an illegitimate child, a posthumous child or a step child) who is either-

- (a) under the age of eighteen;
- (b) under the age of twenty-three and in full-time education; or
- (c) mentally or physically incapable of employment, as certified by the Chief Medical Officer;

“CPI” means the consumer price index of the Islands as prepared by the Government;

“commutation” means the optional form of benefit whereby a participant elects to receive upon retirement, in lieu of his full pension under this Law, an immediate lump sum payment of a portion of the present value of his accrued benefit and a reduced pension equal in value to the remainder of his accrued benefit after

deducting the lump sum payment, determined in accordance with rules prescribed by regulations;

“contracted officer’s supplement” means the supplement paid to employees of the Government Statutory Authorities and Government companies pursuant to local or overseas contracts;

“credited rate of return” means-

- (a) the rate of investment return to be credited to accounts on an account adjustment date, as determined by the Administrator on the 13th April, 1999 and at the end of each calendar year-
 - (i) where an account adjustment date is the last day of a calendar year on or after the 14th April, 1999, the credited rate of return shall be the average rate of investment return on Fund investments for that calendar year and the two preceding calendar years; and
 - (ii) where an account adjustment date does not fall on the last day of a calendar year, the credited rate of return shall be the credited rate of return that was applied on the previous account adjustment date prorated for the period of the year up to such account adjustment date;
- (b) with respect to participant contributions made to the Fund under the prior law credited to a participant contribution account on the 14th April, 1999 under section 30(2), the average rate of investment return on Fund investments for the period commencing on the date the Fund was established under the prior law and ending on the 13th April, 1999, as determined by the Administrator;

“deferred benefit” means a benefit under the Plan payable to a deferred vested participant at normal retirement age;

“deferred vested participant” means a former participant who is entitled to a deferred benefit under the Plan;

“designated beneficiary” means the person or persons designated by the participant under section 19 to receive benefits under sections 43, 60, 62, 63 or 65 in the event of the participant’s death;

“disability retirement” means retirement due to permanent disability under section 35 or 52;

“duty allowance” means a monthly allowance paid in addition to basic salary for carrying out duties in excess of a participant’s substantive office where an acting allowance cannot be paid;

“early retirement” means retirement under section 33 or 50 on or after attaining early retirement age but before attaining normal retirement age;

“early retirement age” means any age between ages fifty and fifty-nine inclusive, provided that the participant has completed at least ten years of qualifying service;

“employee” means an employee of an employer;

“employer” means-

- (a) the Government; or
- (b) a statutory authority or a Government company (approved by the Governor) who has opted to join the Plan;

“employer contribution account” means the book-keeping account documenting total employer contributions made on behalf of the participant under the defined contribution part, or transferred from the defined benefit part under paragraph (b) of section 48(2), plus interest credited in accordance with rules prescribed by regulations;

“final average pensionable earnings” mean the sum of-

- (a) a participant’s final full calendar month’s basic salary or basic wage, as the case may be, prior to death, resignation, retirement or permanent disability;
- (b) the average over a participant’s final thirty-six consecutive calendar months pensionable service of his acting allowances and duty allowances; except that, for the purposes of this paragraph, if a participant incurs a break in service or an unpaid leave of absence within such thirty-six month period and is subsequently re-employed, the period during which he was not in pensionable service shall be disregarded and the last calendar month of his pre-break service and first calendar month of his re-employment shall be deemed to be consecutive calendar months; and
- (c) if a participant is employed as a police officer, his final month’s housing allowance;

“former participant” means a participant who terminated employment in Service prior to being qualified for retirement under the Plan;

“full-time education” means attendance as a full-time student at a college, university or other institution of tertiary education;

“Fund” means the Public Service Pensions Fund which is a continuation of the Public Service Pensions Fund established under section 5 of the prior law;

“Government company” means-

- (a) a company in which the Government has a controlling interest; and
- (b) in respect of each such company, includes all subsidiary entities of the company.

“Governor”, other than in section 54(2) and in Schedule 1 means Governor in Cabinet;

“investment grade” means a grade given to any security or other obligation by any two or more internationally recognised credit rating agencies to indicate that the security or other obligation is eligible for investment and it has at least an adequate capacity to pay interest and repay principal;

“investment manager” means a person or entity who meets the qualifications for an investment manager in accordance with rules prescribed by regulations;

“investment return” means the annual earnings on Fund investments, less expenses of the Fund for the same period;

“late retirement” means retirement under section 33 or 51 after attaining normal retirement age;

“Managing Director” means the managing director of the Board appointed under section 5;

“member” means a member of the Board;

“normal retirement” means retirement under section 31 or 50 upon attaining normal retirement age;

“normal retirement age” means the age of sixty;

“Other Public Service” means Service with a statutory authority or Government company that has opted to join the Plan with the approval of the Board;

“participant” means an employee in Service, an employee on an approved leave of absence or an employee who has retired or resigned from Service on pensionable terms;

“participant contribution account” means-

- (a) in relation to a defined contribution participant, the book-keeping account documenting total participant contributions made by a participant under the Plan, or transferred from an approved plan pursuant to section 49, plus the interest credited in accordance with rules prescribed by regulations; and
- (b) in relation to a defined benefit participant, the book-keeping account documenting the following-
 - (i) the total participant contributions made by a participant under the Plan; and
 - (ii) the participant account opening balance -
 - (A) established as at 1st January 1990 and representing the benefit accrued from the date of the participant’s employment in Service or from the date he reaches the age of 18 while employed in Service (whichever date is later) until 31st December 1989; and

- (B) specified in a schedule maintained by the Board pursuant to section 6(1)(ha); and
- (iii) the interest credited in accordance with rules prescribed by regulations.

“pension” means the benefit, in the form of an annuity, lump sum or other form of benefit, due and payable to the participant or the participant’s beneficiaries under the Plan;

“pensionable earnings” means for any full calendar month the sum of-

- (a) basic salary or basic wages, as the case may be;
- (b) acting allowances; and
- (c) duty allowances,

paid to the participant;

“pensionable service” means service which, pursuant to rules prescribed by regulations, shall be taken into account in computing benefits under the defined benefit part of the Plan;

“permanent disability” means a disability which is likely to render a participant incapable by reason of infirmity of mind or body of discharging the duties of his office, which infirmity is certified by the Chief Medical Officer as likely to be permanent;

“Plan” means the scheme set up by this Law and regulations which set out the provisions of pension benefits granted to participants under the general, defined benefit and defined contribution Parts;

“Plan actuarial tables” mean actuarial tables used by the Administrator, in consultation with the actuary, in the determination of the amounts of benefits payable under the Plan and in the determination of actuarially equivalent values;

1999 Revision

“prior law” and “prior plan” mean the Pensions Law (1999 Revision) (now repealed) and subsidiary legislation made thereunder, as in effect on the 13th April, 1999 and the pension scheme thereby established;

“Public Service” means employment by the Government;

“qualifying service” means service which, under rules prescribed by regulations, may be taken into account in determining whether a participant is eligible for early retirement under section 32 or 50 or to minimum pension benefits under section 39;

“regulations” mean regulations made under section 4;

“retired participant” means a participant who is no longer in Service and is receiving pension benefits under this Law;

“retirement” means normal, early, late, disability or special retirement from Service as provided under this Law;

“Service” means Public Service and Other Public Service;

“special retirement” means retirement under special circumstances under section 37 or 54;

“traded publicly” means traded on-

- (a) a stock exchange in the Islands; or
- (b) any other exchange recognised by internationally recognised credit rating agencies on which securities are traded, if the prices at which they have been traded on such market are regularly published in a newspaper or business or financial publication of general or regular paid circulation; and

“transfer value” means the amount a participant may transfer to his defined contribution accounts from the defined benefit part of the Plan under section 48(2) or the amount a former participant may transfer to an approved plan from the defined benefit or defined contribution parts under section 34 or 55.

Pension Regulations

4. (1) The Governor may make regulations-

Regulations

- (a) to prescribe the particulars which may be prescribed under sections 3, 10, 15, 17, 28, 30, 31, 32, 34, 36, 37, 41, 42, 43, 44, 48, 53, 55, 58, 59, 60, 61, 62 and 63; and
- (b) such as may be required for the effective implementation of this Law.

(2) The regulations may, from time to time, be amended, added to or revoked by regulations made by the Governor after the Board has considered the financial impact of such amendments on the finances of the Fund.

(3) If the Governor is satisfied that it is equitable that any regulation should have retrospective effect in order to confer a benefit upon or remove a disability attaching to any person or class of persons, that regulation may be given retrospective effect for that purpose unless the regulation, as amended, would reduce the benefit of a participant that has accrued prior to such amendment.

Public Service Pensions Board

5. (1) There is established the Public Service Pensions Board in which the Fund shall be vested and which shall, subject to this Law, be responsible for administering the Fund.

Public Service Pensions
Board

(1A) The Board shall consist of directors appointed in accordance with Schedule 1.

(1B) The directors shall be responsible for the policy and general administration of the affairs and business of the Board.

2010 Revision

(1C) The directors in carrying out their duties under this Law shall also comply with the provisions of the Public Management and Finance Law (2010 Revision) and where there is any conflict between the provisions of this Law and the Public Management and Finance Law (2010 Revision) the provisions of the latter Law shall prevail to the extent of the inconsistency.

(2) The Board may employ a person to serve as Administrator, a person to serve as Managing Director, Public Service Pensions (who may be the same person) and such other additional staff as it deems necessary to administer the Plan.

(3) The constitution and procedure of the Board and the duties of the Managing Director, Public Services Pensions, are set out in Schedule 1.

(4) The Board shall be a body corporate with perpetual succession and a common seal and shall, in its corporate name, be capable of suing and being sued and shall have the power to hold land.

(5) Any written notice, order or other document required to be served upon the Board, may be served by leaving the same, or sending it through the post in a prepaid letter, addressed to the Board at the office of the Secretary of the Board.

(6) The common seal of the Board shall be kept in the custody of the Secretary of the Board and shall not be affixed to any instrument except by the authority of the resolution of the Board. The sealing of any instrument shall be authenticated by the signature of either the Chairman or the Deputy Chairman, and of the Secretary.

Powers and duties of
Board

6. (1) The Board shall be responsible for-
- (a) the administration of the Fund including-
 - (i) receiving into the Fund all sums due to it;
 - (ii) calculation and payment from the Fund of pensions due under this Law;
 - (iii) payments from the Fund necessary for the administration of the Fund;
 - (iv) investment of the Fund in accordance with this Law;
 - (v) accounting for all moneys collected, paid or invested under this Law;
 - (vi) causing a periodic actuarial review of the Fund under section 12; and

- (vii) the sale of investments as necessary to meet immediate liabilities and needs, and for reinvestment;
- (b) liaising with the Chief Secretary and statutory authorities regarding collection of data;
- (c) liaising with the Financial Secretary and statutory authorities regarding contribution payments;
- (d) accounting and reporting in respect of the Plan, as provided in section 11;
- (e) *repealed by section 4 of Law 19 of 2004*;
- (f) record keeping, as provided in section 11;
- (g) recommending for approval amendments to the Plan, as provided in section 18;
- (h) adopting and maintaining a schedule of benefits payable under sections 27(2) and 42(2) with respect to persons who resigned, retired or died prior to the 14th April, 1999; and
- (ha) adopting and maintaining a schedule setting out the participant account opening balances relation to defined benefit participants; and
- (i) administering such other pension plans or *ex-gratia* payments as the Governor may direct; except that no assets of the Fund shall be used to pay for any benefit or expense of such other pension plans or *ex-gratia* payments unless the Government prepaid such amounts.

(1A) Without prejudice to the generality of subsection (1), in accordance with section 12, the Board shall be responsible for recommending to the Governor contribution rates payable under the Plan from time to time.

(2) In the performance of its duties under this Law, the Board may take such professional advice as it considers appropriate and pay for it out of the Fund.

(3) No member or employee of the Board shall be personally liable for any act or default of the Board done or omitted to be done in good faith in the course of the operations of the Board.

7. The Board shall cause to be established one or more custody accounts into which the assets of the Fund shall be deposited and held. Custody of Plan assets

8. A pension provided under this Law shall be calculated by the Administrator based on Plan actuarial tables and in accordance with the provisions of the Plan in effect on the date of a participant's resignation, death, permanent disability or retirement except as provided in sections 22, 27(2) and 42(2). Calculation of benefits

9. The Board shall establish a procedure which enables any person to bring to the Board's attention a failure of administrative process which has prevented a Correction of mistakes in administering pensions

pension from being paid or that has resulted in the incorrect calculation of the amount of a pension.

Communications to participants

10. The Board shall provide in writing to each participant or beneficiary-
- (a) a handbook summarising the provisions of the Plan;
 - (b) an annual benefit statement;
 - (c) a statement of retirement benefits at retirement;
 - (d) a statement of vested benefits at resignation;
 - (e) a death benefit statement at the time of death of the participant; and
 - (f) any other information prescribed by regulations.

Accounts, book-keeping and reporting

11. (1) The financial statements of the Board shall be prepared and maintained in accordance with the standards prescribed for this purpose by the Financial Secretary.

(2) Within the period of three months after the 30th June in each year the Board shall prepare and submit to the Auditor General in respect of that year-

- (a) a balance sheet;
- (b) a statement of revenue and expenditure by the Board during the year; and
- (c) such other financial statements as may be required to comply with subsection (1).

(3) On receipt of the financial statements referred to in subsection (2), the Auditor General shall examine and audit the financial statements and shall certify the financial statements subject to such report, if any, as he may think fit.

(4) The Auditor General shall, within a period of six months after the close of the year to which they relate, return to the Board the certified financial statements together with his report, if any.

(5) Within thirty days after receipt from the Auditor General of the certified financial statements and his report, if any, the Board shall prepare and submit to the Financial Secretary a report of the financial activities of the Board during the year to which the certified financial statements relate, which report shall include a copy of the certified financial statements and of the Auditor General's report, if any.

(6) The report of the Board together with a copy of the certified financial statements and the Auditor General's report, if any, shall be laid by the Financial Secretary on the table of the Legislative Assembly for twenty-one days as soon as practicable after he receives it, and such report of the Board shall be gazetted.

12. (1) On the coming into force of this Law, and at such other times thereafter as it deems appropriate, but in no event later than the three-year anniversary of the latest review, the Board shall cause a review to be carried out to assess and evaluate the assets and liabilities of the Fund in order-

Actuarial valuation and
contribution rates

- (a) to determine whether it remains capable of meeting its liabilities for the following period of at least forty years at the rate or rates of contribution then in force;
- (b) if it is not so capable, to ascertain what rate or rates of contribution would be required to reinstate that capability; and
- (c) to determine the amount to be reflected on the balance sheet,

and the first of such reviews shall assess the assets and liabilities of the Fund as at the 1st January, 1999.

(2) The review shall be carried out by the actuary using reasonable actuarial assumptions agreed upon by the actuary and the Board.

(3) A report of the actuarial review carried out under subsection (1) shall be made to the Board and the Board shall send a copy of the report to the Financial Secretary and may, after considering the report, recommend changes to the contribution rates.

(3A) After receiving a report under subsection (3) the Financial Secretary shall submit the report to the Governor and the Governor shall either-

- (a) accept the report and approve, by regulations, the changes to the contribution rates recommended by the Board; or
- (b) within ninety days of receiving the report, cause its own actuarial valuation to be carried out if it determines that there is good reason to do so.

(3B) Where an actuarial valuation carried out by the Governor under subsection (3A) (b) corroborates the report submitted by the Board the Governor shall, no later than six months after receiving the valuation approve, by regulations, the rates recommended by the Board under subsection (3).

(4) The Financial Secretary shall, immediately after an actuarial report is accepted or corroborated, lay the report on the table of the Legislative Assembly for twenty- one days and shall cause such report to be gazetted; and the Financial Secretary shall not be required to lay any report which has not been so accepted or corroborated.

Funding and Investments

Continuation of Public Service Pensions Fund	13. The Public Service Pensions Fund established under the prior law shall be continued under this Law.
Payments into Fund	14. There shall be paid into the Fund- (a) all participant and employer contributions; (b) all assets transferred from an approved plan on behalf of a defined contribution participant under section 49; (c) all rent, interest, dividends, income and other sums derived from the assets of the Fund; (d) such other sums as may legally be provided by an employer; and (e) such other sums as may be received and accepted by the Board on behalf of the Fund.
Disbursements from Fund	15. (1) There shall be paid out of the Fund- (a) all pension benefits; (b) all expenses properly incurred in the administration of the Plan and of the Fund; (c) upon the direction of the Administrator, payment under section 34 or 55 of the participant's transfer value to an approved plan; and (d) <i>ex-gratia</i> pensions granted on and after the 14th April, 1999, subject to the Government's pre-payment into the Fund of amounts necessary to pay such <i>ex-gratia</i> pensions. (2) No payments shall be made out of the Fund unless authorised by or under this Law. (3) The Governor may, by regulations, prescribe the persons to whom, and the circumstances in which, <i>ex-gratia</i> pensions may be granted under subsection (1)(d) and such regulations may have retrospective effect.
Fund investments	16. (1) The Fund shall be invested by the Board in approved investments as set out in Schedule 2. (2) The Board may appoint one or more investment managers to whom the Board may delegate any or all of its investment duties hereunder. (3) The Board shall invest the Fund in such a manner to ensure that there is no undue risk of loss or impairment to the Fund and pursuant to the advice of any investment managers appointed by the Board under subsection (2). (4) The Board shall exercise the care, diligence and skill in the investment of the Fund that persons of ordinary prudence would exercise in dealing with the property of another.

17. (1) Participants shall contribute to the Fund at the rate prescribed by regulations, and in default of such prescription, at the rate of six per cent of their pensionable earnings.

Contributions to Fund

(2) (a) Employers (including statutory authorities and Government companies to which a participant has been seconded or employed) shall contribute to the Fund the amount prescribed by the Board under paragraph (e) of section 6(1).

(b) When an active participant is transferred to a non-participating Statutory Authority or Government company, the non-participating Statutory Authority or Government company may opt, with the approval of the Governor, to join the Plan and shall, for the purpose of paying the employer contribution for such active participant, be deemed a participating Statutory Authority or Government company .

(3) A participant's contribution shall be deducted each pay period by the Government (or by an employing Government company with which a participant has been seconded or employed) from such participant's pensionable earnings and paid by the Accountant General into the Fund on a monthly basis or, in the case of deductions made by an employing statutory authority, such deductions shall be paid to the Administrator on a monthly basis for payment into the Fund and such deductions shall be sent to the Administrator no later than the 15th day of the month immediately following the date when the deductions are due.

(4) Any participant contributions which are credited pursuant to this Law to a participant's account shall be credited to his account on the date such contributions are received by the Administrator.

(5) The Government's contribution in respect of a contributing participant's Public Service shall be a charge on the revenue of the Islands and shall be determined and paid by the Government into the Fund at the same time as the Government pays the participant's contribution into the Fund under subsection (3).

(6) A statutory authority's or a Government company's contribution in respect of a contributing participant's Other Public Service shall be paid to the Administrator for payment into the Fund at the same time the statutory authority or Government company pays the participant's contribution to the Administrator under subsection (3).

(7) Subject to the provisions, every participant shall cease to contribute to the Fund on the day on which he ceases to be employed in the Service.

(8) Contributions shall be assessed, and deductions shall be made, based on the pensionable earnings paid to a participant for the period for which the contributions and deductions relate, whether or not he may have, for any reason, been entitled to additional payments for that period.

Miscellaneous

Plan amendments:
financial impact

18. The Board shall determine the financial impact of all amendments to this Law and regulations and shall advise the Governor of its findings prior to such amendment being considered by the Governor or laid before the Legislative Assembly.

Designation of
beneficiary

19. (1) Each participant shall be given the opportunity to designate a beneficiary or beneficiaries who shall be entitled to receive benefits under section 43, 60, 62, 63 or 65 and regulations in the event of the participant's death.

(2) A participant shall be permitted to change a beneficiary designated under subsection (1) at any time prior to his death.

(3) In the event that a participant dies without designating a beneficiary, or if no designated beneficiary survives the participant, any benefit that would have been payable to the participant's designated beneficiary under this Law and regulations shall be paid to the participant's estate.

Payment and
administration of
children's pensions

20. In all cases of a child's pensions provided under this Law, the whole or any part of such pension may be paid, at the discretion of the Administrator, either to the mother, father, the legal guardian of such child, the child directly (if he is over the age of eighteen) or to such other person or persons as the Administrator may, in his discretion, consider to be fit and proper persons, to apply the same for the benefit of such child, and after such payment the Fund shall be free of all responsibility in respect of such payment.

Cessation of payment of
a child's pension

21. Any pension payable to a child under section 42, 44, 59 or 61 shall cease upon the latest to occur of-

- (a) the child's attainment of the age of eighteen;
- (b) if the child is in full-time education on his eighteenth birthday, the first to occur of-
 - (i) the child's attainment of the age of twenty-three; or
 - (ii) the child's cessation of full-time education; or
- (c) if the child is mentally or physically incapable of employment, as certified by the Chief Medical Officer, on his eighteenth birthday, the date on which the child is capable of employment.

22. (1) Notwithstanding any other provisions of this Law, pensions in payment shall be adjusted for inflation on an annual basis as of the first day of each calendar year as follows-
- Inflation protection
- (a) when the increase in CPI is less than or equal to 5%, pension benefits shall be increased at a rate equal to 100% of the CPI, providing a maximum increase of 5%;
 - (b) when the increase in CPI is greater than 5% but less than or equal to 8%, pension benefits shall be increased at a rate equal to the sum of 5% plus four-fifths of the difference between 5% and the CPI, providing a maximum increase of 7.4%;
 - (c) when the increase in CPI is greater than 8% but less than or equal to 12%, pension benefits shall be increased at a rate equal to the sum of 7.4% plus six-tenths of the difference between 8% and the CPI, providing a maximum increase of 9.8%; or
 - (d) when the increase in CPI is greater than 12%, pension benefits shall be increased at a minimum rate of 9.8% and the Board shall determine, and the Governor shall approve, any increases in pension benefits in excess of 9.8%.
23. A retired participant who is receiving a pension and who is subsequently re-employed in Service shall continue to receive that pension without interruption upon re-employment but shall be ineligible to make contributions or accrue further benefits under the Plan.
- Participation upon re-employment after retirement
24. (1) No participant shall lose his right to a pension under this Law because he is-
- Participant rights
- (a) adjudicated bankrupt or declared insolvent by a competent Court; or
 - (b) sentenced to a term of imprisonment by a competent Court for any offence.
- (2) A pension granted under this Law is exempt from execution, seizure, attachment or any other process in respect of any debt or claim of a creditor, except for the purposes specified in paragraph (a)(i) and (ii) of section 25.
25. A pension provided under this Law shall not be-
- Pensions not to be assignable
- (a) transferable or assignable by a participant or beneficiary, except for the purpose of satisfying-
 - (i) a debt due to the Government; or
 - (ii) an order of a Court for the payment of periodical sums of money towards the maintenance of the spouse, former spouse or minor child of the participant to whom the pension has been granted; or

(b) subject to, or available to, the creditors of a participant prior to payment thereof.

Non-resident non-Caymanians 26. (1) Notwithstanding any provision to the contrary, a retired or deferred vested participant who-

2011 Revision (a) is not the holder of Caymanian status as defined in section 20 of the Immigration Law (2011 Revision); and
(b) ceases to reside in the Islands,

may, upon such cessation in residency, elect to receive the present value of the remainder of his accrued benefit (actuarially adjusted to take into account any benefits already paid to the participant pursuant to any of the other forms of benefit available to the participant or due to any prior distribution) in an immediate single lump sum cash payment payable within one month after he so ceases to be resident in the Islands.

(2) The Administrator shall exempt from the coverage of the Plan any non-resident of the Islands who is not the holder of Caymanian status as defined in section 20 of the Immigration Law (2011 Revision) if the non-resident, non-Caymanian requests such exemption and can demonstrate to the satisfaction of the Administrator that he is a current participant in another pension plan.

(3) An employee who is entitled to a contracted officer's supplement shall not be entitled to coverage of the Plan and the Administrator shall exempt such an employee from the coverage of the Plan.

PART II - Defined Benefits

Applicability and Eligibility

Applicability 27. (1) This Part shall apply to all defined benefit participants.

(2) Any employee-

- (a) who retired or resigned from Service prior to the date of commencement of the former Law and who was entitled to receive pension benefits under the prior law; or
- (b) who was employed in the Service after 1 January 1940 for a continuous period of ten years or more in a pensionable post and who resigned from Service on or before 31 December 1982 and who was not entitled to receive pension benefits;

shall be entitled to receive pension benefits under this new Law, pursuant to a schedule of benefits adopted and maintained by the Board pursuant to section 6(1)(h) and

- (i) in the case of an employee specified in paragraph (a), such pension benefits shall in no event be less than the benefits that would have been accrued or payable on the day immediately prior to the date of commencement of the former Law; and
- (ii) in the case of the participants specified in paragraphs (a) and (b), such pension benefits shall in no event be less than the minimum pension set out in section 39 or less than the minimum ex-gratia pension payable under the Public Service Pensions (Ex-gratia Pensions) Regulations (2011 Revision), whichever is the greater.

2011 Revision

28. (1) An active participant under the prior plan on the 13th April, 1999 shall become an active defined benefit participant under this Plan on the 14th April, 1999 and the participant shall be entitled to benefits under this Plan which shall not be lesser in value than the benefits he would have been entitled to under the prior plan on the 13th April, 1999.

Defined benefit
eligibility

(2) An employee in the Service who does not fall within either paragraph (a) or (b) of section 27(2) shall be ineligible to participate in the defined benefit part of this Plan.

(3) An active defined benefit participant who transfers from Service to a non-participating statutory authority or Government company may, with the approval of the Board and the employing statutory authority, continue as an active defined benefit participant.

(4) An active defined benefit participant who incurs a permitted break in service (as prescribed in regulations) may continue as an active defined benefit participant upon his return to Service.

29. (1) An active defined benefit participant may transfer his participation from the defined benefit part to the defined contribution part of the Plan.

Option to transfer to
defined contribution part

(2) A participant who transfers to the defined contribution part shall not accrue or receive benefits under the defined benefit part, but shall, from the date of transfer, be governed by the provisions of the defined contribution part of the Plan.

Accounts

30. (1) The Administrator shall maintain on the books of the Fund for each participant who is an active defined benefit participant, and for each retired and deferred vested participant of the prior plan who made contributions under the prior law and who is entitled to a scheduled benefit under the Plan under section

Participant contribution
account

27(2), and for any beneficiary of a deceased defined benefit participant, for so long as the Plan maintains an obligation to pay to or on behalf of such participant or beneficiary a benefit under this Law, a participant contribution account.

(2) The Administrator shall determine a participant contribution account balance as at the 31st December, 1997 for each participant described in subsection (1) who made contributions under the prior law. The participant contribution account balance shall include all participant contributions made to the Fund by the participant under the prior law, plus interest credited in accordance with rules prescribed by regulations, minus distributions, if any, made to or on behalf of the participant prior to the 14th April, 1999 which were attributable to the participant contributions.

(3) The Administrator shall make adjustments to each participant contribution account balance at such times and in such manner as prescribed by regulations.

Retirement Benefits

Normal retirement	31. Upon the attainment of normal retirement age, an active defined benefit participant shall be entitled to receive an immediate pension equal to his normal retirement benefit under this defined benefit part, as determined pursuant to rules prescribed by regulations, based on the participant's pensionable service and final average pensionable earnings at normal retirement age.
Early retirement	32. Upon the attainment of early retirement age, an active defined benefit participant shall be eligible to retire from Service with an immediate pension equal to his early retirement benefit under this defined benefit part, as determined pursuant to rules prescribed by regulations, based on the participant's age, pensionable service and final average pensionable earnings at his actual date of retirement.
Late retirement	33. An active defined benefit participant who continues employment with an employer after attaining normal retirement age shall be deemed to have retired from Service on the date he attained normal retirement age and to have been re-employed in Service the following day, and section 23 shall apply to any such participant.
Resignation from Service prior to retirement	34. (1) An active defined benefit participant who resigns from Service prior to becoming eligible for retirement under this Law may, at any time after his resignation date, elect either to leave his accrued benefit in the Fund until he becomes eligible for retirement (in which case his participant contribution account will continue to be credited with interest in accordance with rules prescribed by regulations) or to have the Board transfer to an approved plan,

subject to the limitations prescribed in subsection (2), an amount equal to the greater of-

- (a) the participant contribution account balance of a participant; or
- (b) the actuarial equivalent present value of the former participant's accrued benefit on the date of resignation (determined by reference to Plan actuarial tables and based on pensionable service and final pensionable earnings on the date of resignation).

(2) Notwithstanding paragraph (b) of subsection (1), the maximum amount that may be transferred by a participant to an approved plan under subsection (1) shall be prescribed from time to time by the Board. In the event that the amount determined under subsection (1) in the aggregate exceeds the permissible maximum by more than five thousand dollars, the excess of the amount determined under subsection (1) shall remain in the Fund in the participant's employer contribution account and the participant shall have the rights of a deferred vested participant with respect to such account balance. Where the excess amount does not exceed five thousand dollars, the amount determined under subsection (1) shall be transferred to the approved plan.

35. (1) An active defined benefit participant who becomes permanently disabled shall be eligible to retire from Service with an immediate pension, effective on the date of his permanent disability, if his permanent disability is certified by the Chief Medical Officer. Disability retirement

(2) Where a participant to whom a pension is being provided under this section (or to whom a pension on medical grounds was granted under the prior law) is found by the Chief Medical Officer to be no longer disabled or is re-appointed to his prior office or appointed to an office in Service which the Administrator determines to be similar, the payment of his pension shall be suspended until the earlier of-

- (a) the participant's attainment of normal retirement age; or
- (b) the later to occur of the participant's subsequent termination from Service or attainment of early retirement age.

(3) A participant whose pension is suspended under subsection (2) shall become an active defined contribution participant on the date of his re-employment.

(4) Where a participant to whom a pension is being provided under this section (or to whom a medical pension was granted under the prior law) is re-appointed to an office in Service which the Administrator determines to be dissimilar to the office he held immediately prior to the onset of permanent disability, section 23 shall apply to the participant.

Disability benefit	36. (1) The pension payable under section 35 shall be determined in the same manner as the participant's normal retirement benefit, except that his pensionable service and final average pensionable earnings shall be determined on his actual date of disability retirement. (2) If an active defined benefit participant is permanently disabled due to injuries incurred- (a) whilst in the actual discharge of his duty; and (b) without his own default, and as a result of the injury the participant is eligible for disability retirement under section 35 and retires under that section, the participant shall be provided with an additional pension determined in accordance with regulations.
Retirement under special circumstances	37. (1) An active defined benefit participant shall be eligible to retire from Service with an immediate pension equal to the actuarial equivalent of his normal retirement benefit under this Part, as determined pursuant to regulations and with reference to Plan actuarial tables, based on the participant's age, pensionable service and final average pensionable earnings on his actual special retirement date, upon- (a) the abolition of the participant's office; or (b) his removal from office for the purpose of facilitating improvement in the organisation of the department to which the participant belongs. (2) The Governor may determine that a participant who retires due to special circumstances may, in addition to the pension provided in subsection (1), be provided an ex-gratia pension. In that event, as required by paragraph (d) of section 15, the Government shall make a pre-payment to the Fund of an amount equal to the actuarial value of the <i>ex-gratia</i> pension commitments as agreed between the Board and the Government based on the recommendation of the actuary which shall take into account any related death or inflation protection obligations.
Maximum pensions	38. (1) No pension provided under the defined benefit part of this Law to a participant shall, prior to commutation, exceed a monthly amount equal to two-thirds of the highest pensionable earnings drawn by him during any full calendar month of his Service, except as provided in section 39. (2) No pension provided under the defined benefit part of this Law to a participant who has been granted a pension in respect of Other Public Service shall, prior to commutation, exceed, when added to the amount of any such pension or pensions drawn in respect of Other Public Service, a monthly amount

equal to two-thirds of the highest pensionable earnings drawn by him during any full calendar month of his Service, except as provided in section 39.

(3) For purposes of subsections (1) and (2), an additional pension benefit provided under section 36(2) in respect of an injury occurring in the actual discharge of a participant's duties shall not be taken into account; but where a defined benefit participant is provided such an additional pension under this Law, the monthly amount thereof together with the remainder of his monthly pension or pensions shall not, prior to commutation, exceed five-sixths of his highest pensionable earnings during any full calendar month of his Service.

(4) Where a participant -

- (a) is fifty-five years of age or older but less than sixty years of age; and
- (b) he has attained the maximum pension eligibility under this Law,

the pension benefits accrued to him at the date he achieved such pension eligibility shall be determined and frozen and the participant shall be enrolled on that date in the defined contribution plan.

(5) A participant enrolled in the defined contribution plan pursuant to subsection (4) shall contribute to the plan until he reaches normal retirement age or until he ceases to be employed, whichever is earlier.

(6) Where a participant reaches normal retirement age or he ceases to be employed he shall be paid both -

- (a) the pension benefits accrued under the defined pensions benefit plan which have been frozen pursuant to this section; and
- (b) the pension benefits, if any, accrued under the defined contribution plan.

(7) A participant who-

- (a) reaches normal retirement age, is receiving a pension and continues to be employed in Service; or
- (b) reaches normal retirement age, retired from the Service, is receiving a pension and is subsequently re-employed in Service,

shall receive his pension without interruption but shall be ineligible to make contributions or to accrue benefits under the Plan.

39. (1) Notwithstanding any provision of this Law to the contrary, no pension provided under Part II and payable to a participant with ten or more years of qualifying service shall result in monthly payments, after commutation, of less than four hundred dollars except that such minimum pension payments shall not

Minimum pension
payments

apply to benefits payable to a surviving spouse or child upon the death of the participant.

(2) The aggregate amount of pension payments under this Law made to or on behalf of any defined benefit participant shall in no event be less than an amount equal to his participant contribution account balance at the time of retirement or death. Where the total amount of pension paid to or on behalf of a defined benefit participant is less than his participant contribution account balance on the date of the participant's death or the death of the participant's last surviving beneficiary, the difference shall be paid in cash to the participant's or beneficiary's estate.

Vesting

40. The accrued benefit of a defined benefit participant shall, at all times, be fully vested and shall not be subject to forfeiture for any reason.

Forms of benefit and
methods of payment

41. The pension payable to or on behalf of a retired, deferred vested or deceased defined benefit participant under this Law shall be paid in accordance with the forms of benefit and methods of payment as elected by such participant pursuant to regulations.

Death Benefits

Pensions payable to
surviving spouse and
children

42. (1) Upon the death of an active, retired or deferred vested defined benefit participant there shall be paid to the participant's surviving spouse and children, if any, a pension determined in accordance with regulations.

(2) Where a participant of the prior plan died before the 14th April, 1999, the pensions, if any, payable to the deceased participant's beneficiaries under this Law shall be as set out in a schedule of benefits adopted and maintained by the Board under paragraph (h) of section 6(1).

In-service death benefit

43. (1) If an active defined benefit participant dies in Service, upon his death there shall be paid to the deceased participant's designated beneficiary an amount equal to the excess, if any, of the greater of-

- (a) twelve times the participant's final average pensionable earnings, determined as at the date of his death; or
- (b) his participant contribution account balance determined as at the date of his death,

over the actuarially equivalent present value determined by reference to Plan actuarial tables of the benefits, if any, payable to the participant's beneficiaries in accordance with section 42 and regulations.

(2) If the deceased participant failed to designate a beneficiary, or if his designated beneficiary has predeceased him and there is no new designated beneficiary, the amount payable under this section shall be paid to the participant's estate.

44. Where an active defined benefit participant dies while in Service as a result of injuries received-

Pensions to beneficiaries where a participant is killed on duty

- (a) whilst in the actual discharge of his duty; and
- (b) without his own default,

in addition to any benefit payable to the deceased participant's designated beneficiaries or estate under section 43, there shall be paid to the participant's beneficiaries, if any, a pension determined in accordance with regulations.

PART III - Defined Contributions

Applicability and Eligibility

45. This Part shall apply to all defined contribution participants.

Applicability

46. An employee who is not participating in the defined benefit part shall, unless exempted pursuant to section 26(2) or 26(3), become an active defined contribution participant-

Defined contribution eligibility

- (a) on or after 1 January, 2000;
- (b) on the first day of the month next following the date on which the employee attains the age of eighteen; or
- (c) on the date he is first employed in Service,

whichever date is later.

47. No transfers of participation will be permitted from the defined contribution part to the defined benefit part of the Plan.

No transfers to defined benefit part

Accounts

48. (1) The Administrator shall maintain on the books of the Fund for each active, deferred vested and retired defined contribution participant (and each former defined benefit participant who, under section 34(2), has the rights of a deferred vested defined contribution participant with respect to the portion of his deferred vested benefit which remains in the Fund), and for any beneficiary of a deceased defined contribution participant, for so long as the Plan maintains an obligation to pay to or on behalf of the participant or beneficiary a benefit under this Law-

Maintenance of accounts

- (a) a participant contribution account;
- (b) an employer contribution account; and
- (c) such other accounts and sub-accounts which the Administrator may, from time to time, deem appropriate.

(2) The Administrator shall determine for each active defined benefit participant who elects to transfer to the defined contribution part from the defined benefit part under section 29 a participant contribution account balance and, based on Plan actuarial tables, an employer contribution account balance on the date of transfer.

(3) The participant contribution account balance for each such participant shall equal the sum of the contributions made by the participant up to the date of transfer plus interest credited in accordance with regulations.

(4) The employer contribution account balance for each such participant shall equal the excess, if any, of the actuarial equivalent present value of the participant's accrued benefit under the defined benefit part on the date of transfer (determined by reference to Plan actuarial tables and based on pensionable service and final pensionable earnings on such date) over an amount equal to the value of his participant contribution account balance on that date.

(5) The Administrator shall make adjustments to the account balances of a defined contribution participant's accounts at such times and in such manner as prescribed by regulations.

Transfer of assets into
Fund from an approved
plan

49. An active defined contribution participant may elect at any time to have any assets which are or were held in an approved plan on his behalf transferred to the Fund and credited to his participant contribution account.

Retirement Benefits

Accrued benefit payable
upon retirement

50. Upon retirement from Service at any time after attaining early retirement age, an active defined contribution participant shall be entitled to receive his accrued benefit determined on his benefit commencement date, which shall not be later than his normal retirement age, and distributed in accordance with section 58.

Late retirement

51. An active defined contribution participant who continues employment with an employer after attaining normal retirement age shall be deemed to have retired from Service on the date he attained normal retirement age and to have been re-employed in Service the following day, and section 23 shall apply to any such participant.

52. (1) An active defined contribution participant who becomes permanently disabled shall be eligible to retire from Service with an immediate pension, effective on the date of his permanent disability, provided such permanent disability is certified by the Chief Medical Officer, and shall be entitled to receive-

Disability retirement

- (a) his accrued benefit determined on his benefit commencement date distributed in accordance with section 58; and
- (b) an amount equal to the excess, if any, of twelve times such participant's final average pensionable earnings determined on the date of his retirement over the actuarially equivalent present value of the participant's accrued benefit, payable to the participant as a lump sum.

(2) Where a participant to whom a pension is being provided under subsection (1) is found by the Chief Medical Officer to be no longer disabled or is re-appointed to his prior office or appointed to an office in Service which the Administrator determines to be similar, the payment of his pension shall be suspended until the earlier of-

- (a) the participant's attainment of normal retirement age; or
- (b) the later to occur of the participant's subsequent termination from Service or attainment of early retirement age.

(3) A participant whose pension is suspended under subsection (2) shall resume active participation in the defined contribution part on the date of his re-employment.

(4) Where a participant to whom a pension is being provided under this section is re-appointed to an office in Service which the Administrator determines to be dissimilar to the office he held immediately prior to the onset of permanent disability, section 23 shall apply to the participant.

53. (1) A pension payable to a participant under section 52 shall be determined in the same manner as if the participant had retired in accordance with section 50.

Disability benefit

(2) If an active defined contribution participant is permanently disabled due to injuries incurred-

- (a) whilst in the actual discharge of his duty; and
- (b) without his own default,

and as a result of those injuries he is eligible for disability retirement under section 52 and retires under that section, he shall be provided with an additional pension determined in accordance with rules prescribed by regulations.

54. (1) Upon the occurrence of any of the circumstances described in section 37(1), an active defined contribution participant shall be eligible to retire from

Retirement under special circumstances

Service with an immediate pension equal to his accrued benefit determined on his benefit commencement date and distributed in accordance with section 58.

(2) The Governor may determine that a participant who retires due to special circumstances may, in addition to the pension provided in subsection (1), be provided an *ex-gratia* pension.

Resignation from
Service prior to
retirement

55. (1) An active defined contribution participant who resigns from Service prior to becoming eligible for retirement under this Law may, at any time after his resignation date, elect either to leave his accrued benefit in the Fund until he becomes eligible for retirement (in which case such participant's accounts will continue to be credited with interest prescribed by regulations) or to have the Board transfer to an approved plan an amount equal to the sum of-

- (a) the participant's participant contribution account balance; and
- (b) the participant's employer contribution account balance, subject to the limitations prescribed in subsections (2) and (3).

(2) Notwithstanding paragraph (b) of subsection (1), the maximum amount that may be transferred by a participant to an approved plan under subsection (1) shall be prescribed from time to time by the Board. If the amount determined under subsection (1) in the aggregate exceeds the permissible maximum by more than five thousand dollars, the excess of the amount determined under subsection (1) shall remain in the Fund in the participant's employer contribution account and the participant shall have the rights of a deferred vested participant with respect to the account balance. If the excess amount does not exceed five thousand dollars, the amount determined under subsection (1) shall be transferred to the approved plan.

(3) Notwithstanding subsection (2), the Board may further limit the amount, if any, in excess of the amount determined under paragraph (a) of subsection (1) that may be transferred to an approved plan if it considers such limitation necessary or advisable to avoid depletion of the Fund's assets.

(4) A former defined contribution participant who does not make the election described in subsection (1) shall be deemed to have elected to leave his accrued benefit in the Fund until he becomes eligible for retirement (in which case such participant's accounts will continue to earn interest credited in accordance with regulations).

Vesting

56. The accrued benefit of a defined contribution participant shall, at all times, be fully vested and shall not be subject to forfeiture for any reason.

Distribution of
participant contribution
account balance

57. The aggregate amount of benefit payments under this Law made to or on behalf of any defined contribution participant or beneficiary of a participant shall not be less than an amount equal to the participant contribution account balance of

the participant at the time of the first to occur of retirement or death. In the event that the total amount of benefits paid to or on behalf of a defined contribution participant is less than the participant contribution account balance on the date of the participant's death, the remaining balance shall be paid in cash to the participant's or beneficiary's estate.

58. Except as otherwise specifically provided in this Law, the accrued benefits payable to or on behalf of a retired, deferred vested or deceased defined contribution participant under this Law shall be paid in accordance with the forms of benefit and methods of payment as elected by such participant pursuant to regulations.

Forms of benefit and methods of payment

Death Benefits

59. Upon the death of an active or deferred vested defined contribution participant there shall be paid to the participant's surviving spouse and children, if any, a pension determined in accordance with the rules prescribed by regulations.

Pensions payable to surviving spouse and children

60. If an active defined contribution participant dies in Service, upon his death there shall be paid to the deceased participant's designated beneficiary an amount equal to the excess, if any, of twelve times the participant's final average pensionable earnings determined on the date of his death over the actuarially equivalent present value determined by reference to Plan actuarial tables of the benefits, if any, payable to the participant's beneficiaries in accordance with section 59 and rules prescribed by regulations.

In-service death benefit

61. Where an active defined contribution participant dies while in Service as a result of injuries received-

Pensions to beneficiaries where a participant is killed on duty

- (a) whilst in the actual discharge of his duty; and
- (b) without his own default,

in addition to any benefit payable to the deceased participant's designated beneficiaries or estate under section 60, there shall be paid to the participant's beneficiaries, if any, a pension determined in accordance with regulations.

62. Upon the death of a deferred vested defined contribution participant prior to the participant's benefit commencement date, the deceased deferred vested participant's designated beneficiary shall be entitled to receive an immediate lump sum cash payment equal to the excess, if any, of the participant's accrued benefit determined on the date of his death, less any prior distributions, over the actuarially equivalent present value determined by reference to Plan actuarial tables of the benefits, if any, payable to such participant's beneficiaries in accordance with section 59 and regulations.

Death after resignation but prior to benefit commencement date

Death after benefit commencement date	63. Upon the death of a retired defined contribution participant after the participant's benefit commencement date, the designated beneficiary of the participant shall be entitled to receive such benefit as is provided under the distribution form elected by the participant under section 58 or as may be prescribed by regulations.
Benefit paid to estate if no surviving designated beneficiaries	64. If a deceased participant has failed to designate a beneficiary, or if his designated beneficiary has predeceased him, the amount payable under sections 60, 62 and 63 shall be paid to the participant's estate.
Benefit paid to beneficiary if no surviving spouse or children	65. If a deceased participant dies with no spouse and no children surviving him, the amount payable under section 59 shall be paid in a single lump sum to the participant's designated beneficiary, or if his designated beneficiary has predeceased him, the amount shall be paid in a single lump sum to his estate.

PART IV - Transitional Provisions

Payment of ex-gratia allowances under prior law	66. Where a participant had applied for an ex-gratia allowance under the prior law but had not attained the age of sixty prior to the 14th April, 1999, in the year in which the participant attains the age of sixty the Government shall either make a pre-payment to the Fund of an amount equal to the actuarial present value of such <i>ex-gratia</i> allowance commitments as agreed between the Board and the Government based on the recommendation of the actuary or shall prepay by the 30th January of such year, and for each year thereafter, an amount equal to the full year's payments to such participant.
Calculation of pension in cases of temporary reduction of salary or wages Law 17 of 2010	67. Notwithstanding anything in this Law or in the Public Service Management (Amendment) Law, 2010, in any case where pursuant to the Public Service Management (Amendment) Law, 2010 there has been a temporary reduction in a participant's salary or wages, the pension of the participant that is based on his salary or wages shall be calculated on the salary or wages that would, but for the Public Service Management (Amendment) Law, 2010, have been payable to that participant.

SCHEDULE 1

section 5

PART 1 - Constitution and Procedure of Board

1. The Board shall consist of the following directors -
 - (a) the Financial Secretary;
 - (b) the Deputy Financial Secretary;
 - (c) the Chairman of the Public Service Commission;
 - (d) the Chief Officer, Portfolio of Internal and External Affairs;
 - (e) the President of the Cayman Islands Civil Service Association or his substitute;
 - (f) the President of the Public Managers Association or his substitute;
 - (g) a Crown counsel appointed by the Attorney General as legal adviser to the Board;
 - (h) three directors appointed by the Governor one of whom must have substantial professional investment experience and another who must be a retired participant under this Plan; and
 - (i) the Managing Director appointed in accordance with section 5.
- 1A. The Managing Director shall not be a voting member of the Board.
2. The Chairman of the Board shall be the Financial Secretary and the Deputy Chairman shall be the Deputy Financial Secretary.
3. (1) The Board shall appoint on such terms and conditions of employment as the Board considers fit, a person not being a director, to be the secretary of the Board.

(2) The secretary to the Board shall be present at all meetings and shall take minutes of the business transacted and such minutes shall record all decisions, resolutions, orders, policies and rules made by the Board.
4. A member who is appointed by the Governor shall hold office at the Governor's pleasure.
5. A member appointed by the Governor may resign his office at any time in writing addressed to the Governor, and shall cease to be a member from the date of the receipt of such resignation by the Governor.
6. The Board shall meet at least once in every three calendar months.

7. *Repealed by section 13 of Law 18 of 2010.*

8. The Board, at its first meeting, shall adopt standing orders to govern its proceedings.

PART 2 - Duties of the Managing Director, Public Service Pensions

9. The Managing Director, Public Service Pensions, shall have the following duties-

- (a) giving direction to any investment managers appointed by the Board under section 16(2);
- (b) managing the cash flow of the Fund;
- (c) liaising with Plan actuaries;
- (d) assisting auditors;
- (e) developing funding policies;
- (f) interpreting the Plan;
- (g) assisting in the preparation of reports of the Board required under this Law;
- (h) supervising staff assigned to administer the Plan; and
- (i) performing such other duties as the Board, in its discretion, may assign.

SCHEDULE 2

section 16

Approved Investments

- 1. Cash, including Certificates of Deposit.
- 2. Treasury Bills.
- 3. Foreign government issued bonds.
- 4. Investment grade corporate bonds.
- 5. Equities and debt securities of companies that are traded publicly.
- 6. Collective investment schemes registered on internationally recognised stock exchanges, including open-end and closed-end mutual or pooled funds which invest in investment grade bonds, mortgages or equities.

Publication in consolidated and revised form authorised by the Governor in Cabinet this 1st day of November, 2011.

Kim Bullings
Clerk of Cabinet

Note: Law 1 of 2000 contained certain validation and consequential provisions which are set out hereafter in revised form-

- A. Where on the 14th April, 1999 there was a failure to transfer contributions made in accordance with section 10(1) of the Pensions Law (1999 Revision), contrary to section 10(8) of that Law, such failure is validated and the contributor concerned shall lawfully remain a defined benefit participant under the principal Law in all respects as though he had entered into Public Service before the 14th April, 1998. Validation of failure to transfer
1999 Revision
- B. Where, after the 14th April, 1999 and before the 4th July, 2000-
- (a) there was a failure to make an employee in Service a defined contribution participant, and to deduct and make contributions in accordance with Part III of the Public Service Pensions Law, 1999 and regulations made thereunder; and Validation of failure to treat as defined contribution participant
Law 6 of 1999
 - (b) contributions were made and deducted in respect of the employee referred to in paragraph (a) as though he were a defined benefit participant,
- the failure to treat the employee as a defined contribution participant is validated and the employee shall lawfully remain a defined benefit participant under the Public Service Pensions Law (2011 Revision). 2011 Revision
- C. Where, between the 14th April, 1999 and the 4th July, 2000, there has been a failure to treat an employee in Service who is entitled to a contracted officer's supplement, as defined in section 3 of the Public Service Pensions Law (2011 Revision), as a participant contrary to that Law, such failure is validated and the employee shall continue in all respects as though he were exempted from the coverage of the Plan from the 14th April, 1999. Validation of failure to include contracted officers in the Plan

*Effect of sections A, B
and C on proceedings*

D. Sections A, B and C shall have effect for the purposes of any proceedings begun on or after the 14th April, 1999, whether before or after the 4th July, 2000, but shall not affect proceedings begun before the 14th April, 1999.

(Price \$ 8.00)