Isle of Man Government Unified Scheme

Member guide

April 2017

You can use this guide to:

- Understand the benefits of the Unified Scheme.
- Find out how much you could receive when you retire.
- See what protection your loved ones could be eligible for.

Isle of Man Government

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About this guide

This guide has been designed to help you understand the benefits offered by the Isle of Man Government Unified Scheme 2011 (the Unified Scheme). We recommend that you take time to read and understand the benefits the Unified Scheme can provide for you, both before and after retirement.

Supplementary Guides: If you are a Fire-fighter or Practitioner member certain benefit provisions are different for you and as such you should read this Guide in conjunction with the relevant Supplementary Guide available on the website at www.pspa.im

Contents

Use these key questions to navigate your way through this guide and understand your benefit provisions:

Disclaimer

Where we use technical terms, we aim to explain them in the jargon buster on page 3.
This document is a guide only and does not represent any entitlement to the benefits described.
Whilst the Isle of Man Government has every intention to maintain the Isle of Man Government Unified Scheme 2011 'the Unified Scheme' in a form as described in this guide, it reserves the right to modify, amend or terminate the Unified Scheme at any time in the future.
The definitive terms governing the Unified Scheme are contained in the regulations. In the event of any conflict between this guide and those documents, the legal documents (as amended from time to time by the Isle of Man Government) will prevail.

Jargon buster

Some of the words used in this member guide may not be words you hear every day. Here's an explanation of some of the tricky ones.

Accrual rate (or growth rate)

This is the rate by which a member earns pension benefits. For example, if your accrual rate is 1.67% then for each year of Pensionable Service, you earn 1.67% of your Final Pensionable Pay. See page 12 for details.

Career earnings (also known as CARE)

CARE is used to refer to career average revalued earnings. Where benefits are based on CARE, they will be based on the average of total pensionable earnings whilst you were a member of the pension scheme, revalued to the date you leave service or retire. This only applies to practitioners.

Cash lump sum

When you retire you can choose to take a one-off cash lump sum on top of a regular pension income. To do this, you generally give up some of your pension.

Contribution rates

This is the percentage you pay to be a member of the pension scheme (as a proportion of your Pensionable Pay). The contribution rates described in this guide are those that currently apply and are due to be applied from April 2018. However, the scheme includes a cost-sharing mechanism and these rates could change in the future.

Comparable job

This applies to ill-health benefits. The employer and Scheme Medical Adviser will consider what skills are required for you to undertake your current job and what skills may be transferable to an alternative/comparable job. It's considered less likely that individuals with specific skills in their current job (particularly qualifications or experience) would be able to undertake a comparable job. An appropriate measure may be that at least 80% of the skills required to undertake the current job must be transferable. See page 23 for details.

Deferred Members

A member who left the Unified Scheme and has deferred or preserved benefits.

Defined benefit

A pension scheme offering a benefit defined benefit worked out using a formula usually related to your pay and/or length of service (including transferred in service).

Dependant children

Children who are financially dependent on you and who are:

» under 18;

» receiving full-time education or vocational training (up to age 23); or

» permanently incapacitated and unlikely to be able to earn a living.

Existing Member

A current active member is:

- a member who was transferred to the Unified Scheme from an eligible previous scheme and would have had past service converted into the Unified Scheme. See page 28 for details.
- a new member who joined the scheme after 1 April 2012.

Existing Deferred Member

A member who had their deferred pension benefits transferred from an Existing Scheme to the Unified Scheme.

Final Pensionable Pay

In a defined benefit pension scheme your benefits are calculated when you retire using your salary near retirement. This is known as your Final Pensionable Pay. We calculate this by increasing your last 13 years pensionable pay (except for the last year's pay) to a current day value using the inflationary index. The three highest consecutive amounts over that 13 year period are then added together and divided by three to give the average and this is your Final Pensionable Pay.

This definition does not apply to practitioners where benefits are based on CARE – see page 3.

Guaranteed minimum pension

Up to 5 April 1997, one of the conditions of contracting out of (i.e. leaving) the State Earnings Related Pension Scheme (SERPS) was that for the IOM Public Service Pension arrangements had to provide you with a pension which is at least as good as the pension you would have built up through SERPS. This is known as your guaranteed minimum pension (GMP). After your death, the Unified Scheme must pay an amount equivalent to a widow's, widower's or surviving civil partner's GMP when your State Pension would have come into payment.

Since 6 April 1997, a scheme has no longer had to provide a GMP to be contracted out. Instead, the scheme must pass a test of scheme quality set out in the Pensions Act 1995. Every three years the scheme actuary has to confirm that the Unified Scheme has passed this test.

Members of Section 8 were not subject to GMP conditions.

Gainful Employment

A job that pays annual earnings that are equal to or exceed the higher of:-

a) 20% of the rate of annual earnings applicable to the Member on the day before the first day of relevant sickness absence, increased, in respect of each 12 month period after that date, in line with the Index; and
(b) the annual rate of the lower earnings limit determined by Treasury from time to time.

Inflation

The change in the prices of goods and services over time. Generally, inflation increases each year, which means that goods and services become more expensive. This means it is important that your pension savings increase enough each year to at least match the growing costs of living.

Pensionable Service (also known as Reckonable Service)

The total number of years and days which count towards your scheme benefits. Your Pensionable Service may be different to the length of time you have worked and contributed to the scheme (e.g. if you have worked part-time or had periods of unpaid leave). Pensionable Service includes any service transferred in from previous pension arrangements and any added years of pension you may have purchased and built up.

Pensionable Service for members of Section 8 may be enhanced subject to the Tynwald Office they hold –further information can be found on page 30.

Preserved benefits

We will hold (preserve) the pension benefits you have built up if you leave the scheme before pension age and have decided not to transfer them to another pension scheme. (We will only do this if you have built up more than two years' qualifying service.)

Qualifying service

The service that determines whether you are eligible for (preserved) pension benefits.

Scheme Actuary

An adviser on financial questions involving probabilities relating to mortality and other pension scheme matters.

State Pension Age

The age at which you can receive your State pension. It is currently 65 for men. For women, it will increase to 65 over the years 2010 to 2020.

State Second Pension (S2P)

The additional State pension, paid on top of the Basic State Pension. It was previously known as the State Earnings Related Pension (SERPS). The amount you get depends on your National Insurance contributions.

Surviving Adult Dependant

In relation to a deceased member, this is a spouse, civil partner or nominated partner at the time the member died, eligible to receive any survivor's benefits.

Nominations for unmarried partners can be made by both parties completing and signing the Unmarried Nomination Form available to download from the website.

Transfer value

The value of your built up pension rights within a pension scheme that may be used to transfer benefits from that scheme to a new employers pension scheme.

How does your pension work?

Your Unified Scheme pension will help you secure a regular income in your retirement. There is also a range of benefits you may be entitled to through this scheme. Here's where you can learn about how your pension works.

What is a pension?

While you're working, you earn money to help you pay for the things you need in life. When you stop working, you need to ensure you have a retirement income to support yourself.

The Government will provide you with a State pension once you reach a certain age. However, it may not be enough to live off on its own. That's why the Isle of Man Government gives you the opportunity to join a pension scheme that will help you save more for retirement.

How does the Unified Scheme work?

The Unified Scheme is a defined benefit pension scheme and this is the same style of scheme as the previous Isle of Man public sector schemes. Both you and the Isle of Man Government will contribute money towards the retirement benefits you receive.

What benefits will the Unified Scheme provide?

When you retire you will receive a pension (e.g. a regular retirement income) and an optional cash lump sum. The amount you receive will be based on your pay and how long you have worked for the Isle of Man public sector. So, unlike a bank account, your total savings aren't calculated based on how much money you contribute.

Annual Unified Scheme pension	+	**Lump sum**	+	**State pension**

Under the Unified Scheme you:

- » choose your level of benefits;
- » can take up to 30% of the value of your pension in cash at retirement;
- » choose when you retire;
- » pay a contribution rate of 7.5% for the Standard Section or a higher rate for your Protected Section or Section 7, 8 and 8a;
- » receive valuable life cover; and
- » receive protection for your family.

The Unified Scheme pension is calculated on a final salary basis for most members. For practitioners it's calculated using Career Earnings. The level of benefits you receive will depend on which section of the Unified Scheme you are a member of – see pages 8 and 9.

Start planning for your future today

Even if retirement feels a long way off, the decisions you make today are likely to have a big impact on your future. Here's some key things you need to consider when planning for your retirement.

When do you want to retire?

When you retire will depend on many factors – like your interests, your savings and your health. Do you want to retire completely by a certain age, or work part time and ease yourself into your retirement? Think about your goals and how many years you have left to build up your retirement benefits.

What lifestyle do you want in retirement?

When you think about your retirement, what do you see? A modest lifestyle, or something more comfortable with regular holidays and evenings out? What you want could cost more than you think.

How much you will need?

The Department of Work and Pensions (DWP) in the UK has set out how much income people need to replace in retirement as a percentage of income before retirement. In other words, how much of your working life income would you need to cover your costs when you stop working. This is a good starting point and gives you an idea of how much you might need in retirement to enjoy a minimum acceptable standard of living.

What proportion of your income would give you an acceptable standard of living?

Annual income bracket	Target replacement income
Under £12,000	80%
£12,000 to £22,100	70%
£22,100 to £31,600	67%
£31,600 to £50,500	60%
Over £50,500	50%

Why are replacement levels lower when you're earning more?

These ratios are based on research by the UK's Pensions Commission, who found that:

- people on higher incomes are more likely to have saved more; and
- those on lower incomes may need a higher replacement rate to enjoy what society considers a minimum acceptable standard of living.

>> Example

Ben is 35 years old and his salary is £24,000. As he's in the income bracket £22,000 to £31,600 we estimate that he'll need a pension of 67% of his salary, or £16,000. If the Basic State Pension could provide up to £119.30 each week, Ben would need an annual pension of £9796.40 to make up the difference. As your earnings change throughout your working life, you'll need to review your target retirement income to ensure you remain on track.

Who can become a member of the Unified Scheme?

Only certain public sector workers in the Isle of Man Government have access to the Unified Scheme. Here's where you can find out how to join and what your options are if you're eligible.

Which section of the Unified Scheme can you join?

From the 1 April 2012, the Isle of Man Government Unified Scheme was introduced and Existing Members of 15 public sector schemes were given the choice to join the Unified Scheme and become a member of either the Standard Section or their Protected Section.

From 1 April 2012, all new joiners can only join the Standard Section. There are exceptions to this and further information can be found in the New joiners factsheet on the website at www.pspa.im

From 23 September 2016, existing and new Tynwald Members were permitted to join Section 8 and 8a of the Unified Scheme. Further information on the variations to scheme provisions for members of Section 8 and 8a can be found on page 30 of this guide.

Which section are you in under the Unified Scheme?

Section	Number	Who does this section apply to?
Standard Section	1	» Any members who did not choose one of the Protected Sections below will join this section. » Any members who join the Unified Scheme after 1 April 2012 will usually join this section.
Protected Section	2	» NHS Superannuation Scheme 2007 (officers) » Superannuation Order 1973 Principal Civil Service Pension Scheme (PCSPS) – Classic Section » Superannuation (Officers of Boards) Scheme 1959 – Classic Section » Superannuation (Harbour Police Civilian Auxiliaries) Scheme 1988 – Classic Section » Insurance Authority Superannuation Scheme 1986 – Classic Section » Financial Supervision Commission Superannuation Scheme 1984 – Classic Section » Leisure Services Superannuation Scheme 2000 » Manual Workers Superannuation Scheme 1977 » Radio Manx Limited Pension Scheme 1980 » Manx Electricity Authority Superannuation Scheme 1985 » National Transport Limited Pension Scheme 1978 » Hospice Care Superannuation Scheme 2001
	3	» Superannuation Order 1973 Principal Civil Service Pension Scheme

Section	Number	Who does this section apply to?
		(PCSPS) – Classic Plus, Premium and Nuvos Sections » Superannuation (Officers of Boards) Scheme 1959 – Classic Plus, Premium and Nuvos Sections » Superannuation (Harbour Police Civilian Auxiliaries) Scheme 1988 – Classic Plus, Premium and Nuvos Sections » Insurance Authority Superannuation Scheme 1986 – Classic Plus, Premium and Nuvos Sections » Financial Supervision Commission Superannuation Scheme 1984 – Classic Plus, Premium and Nuvos Sections
	4	» NHS Pension Scheme 2008 (officers)
	5	» NHS Superannuation Scheme 2007 (practitioners) Please note that some practitioners may also have access to Section 2 depending on their employment status at 1 April 2012
	6	» NHS Pension Scheme 2008 (practitioners) Please note that some practitioners may also have access to Section 4 depending on their employment status at 1 April 2012
	7	» Firemen's Pension Scheme 1980 » Airport Firemen's Superannuation Scheme 1989
	8 8a	» New Members of Tynwald from 23 September 2016 » Existing Members of Tynwald who chose to protect the value of their benefits in their former scheme.

What's the difference between each section?

The level of benefits you receive will depend on which section of the Unified Scheme you are a member of.

The Standard Section and Section 8	The Protected Sections
Designed to offer new joiners and some Existing Members a good level of pension at a reasonable cost.	Designed to reflect the pension and any one-off cash lump sum of Existing Members who were transferred into the Unified Scheme at its inception on 1 April 2012 or as a Section 8a member in September 2016. There are 7 Protected Sections, but Existing Members only join the Protected Section that applies to them.

Further information on the benefits in the Standard and Protected Sections can be found on pages 12 to 15.

Important Membership of the Protected Sections is linked to your employment as at 1 April 2012. If you decide to make any changes, such as reduce hours or, take up another post this could impact on future pension benefits. Refer to the Changing Jobs Fact Sheet on the website for more details.

What counts towards your membership?

As described on page 12, the final pension benefits you receive are based on how long you have worked for the Isle of Man public sector (this is called your Pensionable Service).

Your membership of the Unified Scheme starts from your first day of employment. For every day you work, you will build up a day of Pensionable Service in the Unified Scheme.

Part-time service counts on the basis of the actual hours you work and the equivalent full-time hours.

Your pension may also be affected if you have a temporary absence from work. This will depend on the type of absence, so please contact your employer for more information.

Do you have multiple jobs with the Isle of Man Government?

If you hold two or more part-time employments, you will be enrolled into the Unified Scheme for each employment. This means you will hold a separate membership record for each of your employments and each membership will be treated separately when we calculate your retirement benefits.

It's important to note that the total benefits you can build up under two or more concurrent employments will be limited to what you could build up under one full-time membership. The PSPA will adjust the benefits payable to you accordingly.

If after joining the Unified Scheme, you take up another post that will run concurrently to your existing post, this will be pensionable under the Standard Section only. Refer to the Changing Jobs Fact Sheet on the website for more details.

You cannot receive your benefits until all of your active memberships have stopped.

Can you Opt -Out of a Protected Section and join the Section 1 (Standard)?

Yes, you can. If you are a member of a Protected Section 2, 3 or 4 you are able to elect to leave that section and move to the Section 1 (Standard). Please note that we will require at least 2 months notice to move you, you will not be permitted to rejoin the Protected Section at any time in the future and you will start paying a 7.5% as soon as you join Section 1 (Standard). You must read and complete the GUS 14 Election to transfer to Section 1 (Standard) Form, which can be found on the resources pages of our website.

Can you opt out of the Unified Scheme altogether?

You can opt out of the Unified Scheme. However, we recommend that you think very carefully about what you're giving up – this includes valuable retirement savings and access to life insurance and other benefits that could protect your loved ones if something happens to you.

Before you make your decision, please read the Opt out factsheet on the website at www.pspa.im. You may also wish to consult an independent financial advisor.

If, after carefully considering your options, you still want to opt out, please complete the Opt out form available on the website at www.pspa.im

There is more information on page 17 about what happens to the pension benefits you may have built up if you choose to opt out now.

Can you opt back into the Unified scheme?

If you have opted out previously, you can only opt back in once.

If you want to opt back in, simply tell your employer that you want to join the Unified Scheme. They will then make the necessary arrangements to start deducting your contributions.

Do you want to transfer in benefits from other pension schemes?

If you have pension benefits in a different scheme from a previous employer, you can transfer them into the Unified Scheme. You can transfer your benefits at any time, as long as you're an active contributing member of the Unified Scheme. To transfer your benefits, simply complete our transfer in request form available on the website at www.pspa.im

Transfers will be on a cash equivalent basis. This means that the scheme you're transferring from uses a transfer value that reflects the value of the benefits you have built up to that point.

This transfer value will be used to secure you benefits of equivalent value in the Unified Scheme. However, your previous scheme may refuse the transfer if it doesn't cover the cost of your guaranteed minimum pension. Your previous scheme may also refuse a transfer if certain scheme requirements are not met – please contact your previous scheme directly for more information.

The Unified Scheme does not participate in the Public Sector Transfer Club arrangements.

You should seek independent financial advice if you're thinking about transferring your benefits.

Your benefits under the Unified Scheme

Here's where you can find out more about the specific benefits you can expect to receive under the Unified Scheme and how they are calculated.

What will you receive when you retire from the Unified Scheme?

When you retire you can choose to take an annual pension and a one-off cash lump sum of up to 30% of the value of your pension.

You take a one-off cash lump sum by exchanging some of your annual pension for cash. You can receive £18 of lump sum for each £1 of annual pension you exchange. This cash lump sum can currently be taken tax-free.

How does your pension grow in the Unified Scheme?

As a member of a defined benefit pension scheme, your pension savings will grow each year based on your years of service and your salary. How much your pension will grow by will generally depend on:

» when you want to retire;

» how much your salary grows between now and retirement; and

» which section of the Unified Scheme you're in.

How are your benefits calculated?

Your annual pension

When you retire, you will receive a percentage of your Final Pensionable Pay for each year of Pensionable Service (this is known as your growth rate and they are listed on page 14). Please note that pension accrued from pensionable service from 1 April 2017 will be reduced by 6% (x 94%)

You cannot build up any benefits after you reach age 75.

Your annual pension will be calculated as follows:

Unified Scheme growth rate x **Your Final Pensionable Pay** x **Your Pensionable Service** = **Annual pension**

>>Example – calculating a pension in the Standard Section

The example below shows how this would work for Bob – a member of the Standard Section – using the Standard Section growth rate listed on page 14. Bob retired at age 60 after 35 years' Pensionable Service. 15 years of his service were built up after 1 April 2017. His Final Pensionable Pay is £30,000. This means his pension is £11,867 a year.

Pension for Service to 31 March 2017

1.16%	X	£30,000	X	20	=	£6,960

Service from 1 April 2017

1.16%	X	£30,000	X	15	X 94%	£4,907

Total Pension per year

£6,960	+	£4,907	=	£11,867

Your pension in the Unified Scheme, before you take any lump sum, will be subject to a maximum overall limit of 75% (or 66.9% for Section 7 members) of Final Pensionable Pay (or Career Earnings for practitioners).

In this example, Bob is within the 75% limit because his pension of £11,867 is just under 40% of his Final Pensionable Pay.

"Your pension in the Unified Scheme, before you take any lump sum, will be subject to a maximum overall limit of 75% of Final Pensionable Pay"

Your cash lump sum

As mentioned above, you also have the option to exchange part of your annual pension for a one-off cash lump sum. To take a cash lump sum you will need to give up some of your pension. If you do, you will receive £18 cash for every £1 of pension you give up.

You can choose how much cash lump sum you want up to an overall maximum limit of 30% of the value of your pension. The Unified Scheme calculates this maximum lump sum, as being approximately 5.8 times your pension.

It applies across your entire pension arrangements so your Unified Scheme lump sum may be limited to a smaller amount if you have other pension savings.

Please note if you are a fire fighter in Section 7 and under age 55 your exchange rate may be different to the £18:£1 ratio. Please read your supplementary member guide on the website at www.pspa.im

>> Example – taking a lump sum in the Standard Section

Using Bob's example on page 12, he decided to take a one-off cash lump sum of £3,000, which is below the maximum he is allowed. This means his annual pension would be reduced as follows:

£11,867	-	(£3,000 ÷ 18)	=	£11,700 annual pension

>> Example – calculating a maximum lump sum in the Protected Section

Using Bob's example above, if he decides he wants to take the biggest cash lump sum he can in his Protected Section. The maximum cash lump sum is £11,867 x 5.8 = £68,828.60

However, to take this amount, Bob would give up £1 of pension for every £18 of lump sum which equals £3,823.81. To work this out we simply divide the maximum lump sum by 18 (£68,828÷18). This means that his annual pension which will be reduced as shown below.

£11,867	-	**(£68,828.60 ÷ £18)**	=	**£8,043.19 annual pension**

How much will you receive in each section?

As described on page 12, you will receive a percentage of your Final Pensionable Pay for each year of Pensionable Service and this is known as your growth rate. Your growth rate will depend on which section you are in and your age when you retire. An example of the different growth rates used for the different sections are shown in the table below. If you're in a Protected Section, turn to page 8 and 9 to see which previous schemes each number relates to. Important Note: **Please note that pension built up on pensionable service from 1 April 2017 will be reduced by 6% (x 94%).**

Section	Number	Growth rate
Standard Section	1	**55** 0.81% **60** 1.16% **65** 1.50% **70** 2.03% **75** 2.55%
Protected Section	2	**55** 1.12% **60** 1.46% **65** 1.90% **70** 2.56% **75** 3.23%
	3	**55** 1.29% **60** 1.67% **65** 2.17% **70** 2.93% **75** 3.69%
	4	**55** 0.90% **60** 1.29% **65** 1.67% **70** 2.25% **75** 2.84%
	5	**55** 1.26% **60** 1.63% **65** 2.12% **70** 2.86% **75** 3.60%
	6	**55** 1.01% **60** 1.44% **65** 1.87% **70** 2.52% **75** 3.18%
	7	2.23% (approximately 1/45th)
	8	**65** 2.00%
	8a	**60** 2.50%

These are examples and there are rates at all ages between those shown. If you retire part way through a year (e.g. at age 58 and 6 months) the rates will be adjusted to reflect your actual age in years and months. Section 8 and 8a members retiring before age 65 or 60 will have benefits actuarially reduced to reflect early payment.

How will you know how much pension and lump sum to expect?

We will send you a benefit statement to tell you about how much service you have built up to date and based on the current provisions of the Scheme, give you an idea of what level of Unified Scheme benefits you may get in the future.

This annual statement will show you the expected pension and lump sums assuming you retire when you reach age 55, 60 or 65.

"Pension benefit statements are an important tool to help you plan for your retirement"

Pension benefit statements are an important tool to help you plan for your retirement and to check that the personal information we hold is correct and up to date. When you receive your statement each year, you must check it and let us know if anything looks wrong using the contact details on page 36.

Boosting your pension with additional contributions

If you think you might need a bigger pension, there are a number of options for you to consider through various providers on the Isle of Man.

The PSPA have selected a Group Personal Pension Scheme, which is provided for by Aviva and administered by MAC Financial Services.

This arrangement lets you to pay additional voluntary contributions to boost your retirement savings. Using this method, you can save what you can afford to at different times of your life.

This type of pension scheme is a defined contribution pension scheme. This is your own retirement account with Aviva and means that the benefits you receive from it when you retire are based on:

- how much you contribute;
- the performance of the investment options you choose; and
- the cost of buying a retirement income when you retire.

When you retire you use this fund to buy an additional pension for you (or for you and your dependants). You can also take some of this money as a cash lump sum.

The most that you can save in additional contributions is 100% of your taxable pay, less your Unified Scheme contributions.

For further information, please refer to our website www.pspa.im

How much does the Unified Scheme cost?

How much you pay for your Unified Scheme pension will depend on which section you're in. Here's where you can find out about how much you and your employer save towards your pension.

Who pays for the Unified Scheme?

Your pension, together with your pay forms part of your total benefits package.

As a member of the Unified Scheme, you will pay a percentage of your Pensionable Pay and your employer will also make a contribution of at least 15%. The contributions you and your employer make go towards the cost of your benefits and the benefits for your loved ones if you die.

Your employer is responsible for taking the contributions from your pay. They do this before working out the tax, so you will automatically receive income tax relief – see page 34 for details.

How much do you need to pay?

How much you pay for your Unified Scheme pension will depend on which section you are in. If you joined after 1 April 2017, the Standard Section contribution rate is 7.5% of your Pensionable Pay.

Section	Number	How much will it cost? (Percentage of Pensionable Pay) For New Members from 1 April 2017	How much will it cost? (Percentage of Pensionable Pay) For Existing Members from 1 April 2018 **
Standard	1	7.50% **	7.50%
Protected	2	7.75%	10.25%
	3	9.75%	12.25%
	4	6.60%	9.10%
	5	9.50%	12.00%
	6	8.40%	10.90%
	7	13.50% **	13.50%
	8	10.00%	10.00%
	8a	15.00%	15.00%

Read pages 8 -9 to see what section number you are in.

Contribution rates phased in for Existing Members

In April 2012 the introduction of the Unified Scheme meant a change in contribution rates for many members. There was a transitional period for anyone that was paying more or less than the Standard rate of 5% at that time, so members did not face a change in contributions of more than 1% of Pensionable Pay in any year.

In 2016 with the introduction of Section 8a, members started by contributing 10% increasing up to 15% by no more than 1% each year.

From 1 April 2017 the rates for new memberships increased by 2.5%.

** From 1 April 2018 members in the scheme on 31 March 2017 will have their contributions increased. There will be a transitional period from April 2018 to April 2020 where contributions will increase at a rate of no more than 1% a year.

Your options when you leave the Unified Scheme

Your options when you leave the Unified Scheme will depend on how long you have been contributing to the Unified Scheme and whether you are simply changing jobs.

What happens if you leave the Unified Scheme before you retire?

If you leave voluntarily or opt out of the Unified Scheme before you retire, your choices depend on how long you were a member.

If you leave with less than three months' service

Provided you have not had a transfer in, if you leave with less than three months' service in the scheme, you will receive a refund. This refund will include any contributions you made to your pension (less tax).

If you leave with more than three months' service but less than two years' service

If you leave having completed more than three months' Pensionable Service but less than two years' Pensionable Service, you can choose to:

- request a refund of your benefits in the scheme; or
- transfer your benefits to a new employers scheme.

"If you choose to leave your benefits in the Unified Scheme, you will be entitled to a pension from the scheme when you retire."

If you leave with two or more years' service

If you leave with two or more years' service, you can choose to:

- leave your benefits in the scheme until you retire; or
- transfer your benefits to a new employers scheme.

Transfers to personal pension arrangements are not permitted from this scheme. Further information can be found in the Transfer Out Factsheet on our website. To request a transfer your benefits, simply complete the Transfer out request form available from the website at www.pspa.im within 12 months of the date you left the scheme.

Deferred (preserved) benefits within the Unified Scheme

If you choose to leave your benefits in the Unified Scheme, you will be entitled to a pension from the scheme when you retire (known as a deferred or preserved pension).

The deferred pension will be based on your Final Pensionable Pay and Pensionable Service to your date of leaving, worked out in the same way as if you were still an active member. Deferred benefits are increased each year in line with inflation. This helps keep their value up to the date they become payable.

You can claim your deferred pension from age 55 up to age 75. However, you can take your deferred benefits before age 55 if you meet the following criteria:

- You suffer from poor health and are permanently unable to carry out any gainful employment. For further information on ill health read our Ill health factsheet available on the website at www.pspa.im
- You cannot work due to compelling personal reasons and do not have enough money to live on.

If you do not claim your deferred benefits by age 75, we will automatically pay them to you.

Can you rejoin the Unified Scheme if you've left?

Yes, but for most members only into the Section1 (Standard).

Fire-fighters can re-join Section 7 and Tynwald Members can re-join Section 8.

Previous members of the Protected Sections are eligible to rejoin if they return within 28 days.

For more information, please read the New Joiners factsheet available on our website at www.pspa.im

Rejoining the Unified Scheme within five years

If you rejoin the Unified Scheme after a break in service of five years or less, you can link your two periods of service together. This means your benefits will be worked out in whichever of the following two ways gives you the highest benefits:

- your periods of membership will be added together and your total membership and Final Pensionable Pay will be used to work out your benefits; or
- the benefits you have earned for each period of membership will be worked out separately, revalued in line with inflation and then added together.

This option applies to deferred benefits, but you must select this within 12 months of rejoining to have your two periods of service linked.

Transferring your Unified Scheme benefits to another pension scheme

You can ask for a transfer payment to be made to your new employer's pension scheme. Transfers to certain pension arrangements, such a Personal Pension Plans or Self-Invested Personal Pension Plans are not permitted from the Unified Scheme – read the Transfer Out Factsheet to find out more. The transfer payment will be equal to the cash value of your benefits. You need to consider the following issues before making a transfer:

- The transfer value may not necessarily buy the same length of service in your new pension arrangement. Before making your decision, make sure you receive an estimate from your new arrangement which shows how much your Unified Scheme benefits will buy.
- The range and type of benefits offered may be different and perhaps less appropriate for your needs.
- You must apply for the transfer before we start paying your pension benefits.

What happens when you retire?

The Unified Scheme gives you the flexibility to retire when it suits you and your financial situation. Here's where you can understand your options at retirement and the decisions you'll need to make.

When can you retire from the Unified Scheme?

You can generally choose to retire between age 55 and 75. This is subject to any contractual restrictions and some members may be able to access their pension benefits earlier (e.g. Section 7 and Section 8a can retire from age 50).

What do you need to do if you're planning to retire?

If you're planning to retire, follow these simple steps:

1. **Notify your employer as soon as you can:** When you decide to retire, you must first agree your last day of service with your employer as far in advance as you can. If possible, the PSPA will require your application form to be submitted at least three months before your retirement date. This gives us enough time to calculate your benefits.
2. **Stop work in all jobs:** You must stop work in all your jobs to qualify for all your retirement benefits. If you have two or more concurrent employments, you must retire from all jobs – see page 12.
3. **Tell the PSPA that you're retiring:** Your employer will tell the PSPA that you're retiring and will also give us details of your Final Pensionable Pay and Pensionable Service worked in your final year.
4. **Read your retirement statement:** Once we have all of this information from your employer, we can then send you your retirement statement, which tells you about your pension benefits, along with a personal claim form.
5. **Consider your options and return your forms:** Once you have your retirement statement, carefully consider the benefit package you wish to take. For example, how much cash lump sum do you want? When you have decided, complete the form. We will ask you for your bank details and proof of your identity. Once you have completed and signed the form, return it to the PSPA as quickly as possible.

Once we receive the completed form and all the required information, we can then make the necessary arrangements to settle your claim.

What is your retirement statement?

The statement will tell you the amount of pension and lump sum you can choose, based on your Pensionable Service to retirement and your Final Pensionable Pay.

For information on how your pension and lump sum are calculated – see page 12.

Receiving your pension and lump sum

How is your pension paid?

All Unified Scheme pensions are paid by the Payroll in the Office of Human Resources. Pensions are paid in monthly instalments on the 25th of each month, direct to either your bank or building society account.

If your retirement falls after the 7th of the month, the first instalments will not be paid into your bank account until the 25th of the following month. For example, if you retired on 10 May, the first pension instalment will be made on 25 June.

When the payment date falls on a weekend or public holiday, the payment will go into your account on the last working day before the weekend or the holiday.

When will tax be deducted?

Your pension is treated as earned income for tax purposes, so any tax that's due will be deducted before your pension is paid.

Where will your pension be paid?

Payroll will only pay your benefits into a bank or building society account, as this is the safest method of payment.

It's important that the Isle of Man or UK bank or building society account you provide is able to accept electronic payments by the Bankers Automated Clearing Services (BACS) method. If the account details you provide cannot accept BACS payments, your payment will be rejected and this may lead to a delay in payment of your pension benefits.

The account can be at a bank or building society with a branch in the:

- Isle of Man;
- United Kingdom (but not National Savings and Investments (NS&I); and
- Channel Islands.

You should tell the PSPA if:

- you change your address;
- your bank or building society account details change;
- you marry, remarry, form a civil partnership or wish to nominate a qualifying partner for a survivor's pension;
- there are any changes in your job if you are re-employed – see page 22; or
- a child for whom you are receiving child allowance goes to live on their own.

What happens if you die?

If you die, your spouse, civil partner, nominated qualifying partner, nominee or personal representative must tell the PSPA straight away, quoting your pension reference number. They will then be sent an application form so that they can claim any pension that may be due to them.

What happens if you're over paid?

If your pension or lump sum is overpaid for any reason, the money will have to be repaid. We may recover this overpayment by reducing your pension.

How are one-off cash lump sums paid?

Cash lump sums are paid directly into your bank or building society account.

The PSPA aim to pay out the cash lump sum between the Friday following your retirement date and two weeks after your retirement date.

Pension increases each year

Unified Scheme pensions are reviewed annually and are increased, as appropriate, to keep pace with rises in the cost of living.

Increases are paid in April and reflect any rise in the rate of inflation in the 12 month period up to the end of September in the previous year. Public sector pensions are increased by a measure determined by the Isle of Man Government. We will tell you the rate applied each year within the annual pensioner update distributed in April.

All pensioners aged 55 or over get these increases. If you're aged under 55 you will receive the increases if:

» you were awarded ill health benefits; or

» the pension is paid to a surviving adult dependant; or

» the pension is paid for a child.

Increases apply to all of your pension. However, as the increases are paid from April the increase you receive in the first year will depend on when your pension started. For example, if the full increase is 1.5% but your pension has only been in payment for six months, the increase would only be 0.75% as illustrated below.

"Unified Scheme pensions are reviewed annually and are increased, as appropriate, to keep pace with rises in the cost of living."

>> Example – how pension increases are applied

Lana retires in mid-October with an annual pension of £7,500. The following April, the cost of living increase is 1.5%.

As Lana retired exactly half way through the relevant 12 month period, the pension is increased proportionately (that is, by one half of the total increase – 0.75%).

During the second year, the cost of living increase is 2.0%. Lana's annual pension becomes £7,556.25 after six months and £7,707.38 a year later.

Increases part way through the month

A part month of 16 days or more (from the pension payable date to the last day in the month) will count as if it was a full month. However, a part month of 15 days or less will not count as a full month. A pension that begins 15 days or less before the increase date in April will not get an increase until the following year.

Increase dates in April will often fall part way through your pension month. Where this happens, your pension for April will be partly at the rate before the increase and partly at the new rate. Your pension for the following month will be all at the new rate.

Increases are applied to the whole of your pension, including any previous increases less any Guaranteed Minimum Pension.

Guaranteed Minimum Pension

Up to 6 April 1997, we had to provide you with a pension which is at least as good as the pension you would have built up through the State Earnings Related Pension Scheme (SERPS). This is known as the Guaranteed Minimum Pension.

Who will pay the increases?

If your pension includes a Guaranteed Minimum Pension (GMP) the cost of paying increases is met by the Unified Scheme between your GMP age (60 for women and 65 for men) and your State Pension Age (SPA).

From SPA the cost of paying increases on a GMP is shared between the Unified Scheme and the Department of Social Care (DSC) as explained in the table below. The Unified Scheme's share of the increases will be paid with your Unified Scheme pension. DSC will pay their share of GMP increases with your State Pension.

For GMPs based on Scheme membership	Who pays the increases from SPA?
Built up to 5 April 1988:	DSC pay any applicable increases.
Built up between 6 April 1988 and 5 April 1997:	Increases up to 3% will be paid by the Unified Scheme; any increase over 3% will be paid by DSC.
Built up from 6 April 1997: (all GMPs ceased from this date)	All the increases based on membership that does not include a GMP will be paid by the Unified Scheme.

Changes at State Pension Age

When you reach State pension Age, the pensions increase relating to your guaranteed minimum pension is paid with your State Pension.

Re-employment after retirement

If you're thinking about returning to employment with the Isle of Man Government, you should read this section and also ask your prospective employer if they are permitted to employ you, as some Government Employers may have a policy that does not permit the employment of pensioners who are in receipt of a public sector pension.

As a pensioner member, you cannot re-join the Unified Scheme. If you are eligible to apply for a new job, you must tell your new employer that you have an Isle of Man Government pension and make sure that they do not automatically enrol you in the Unified Scheme.

If you retired from and receive a pension from the Unified Scheme and return to work with any private sector employer, your pension is not affected.

If you retired on ill health grounds you must tell the PSPA if you return to work in any capacity, as your pension may be suspended. See the ill health retirement fact sheet on our website at www.pspa.im for more information.

Protection for you and your family

The Unified Scheme provides you and your family with valuable protection. Find out how ill health retirement and death benefits will work.

What happens if you are too ill to work?

If you are too ill to work, you may be able to retire. If the Unified Scheme medical adviser confirms that your ill health permanently prevents you from carrying out the duties of your job, you may be eligible to retire early and take your pension and lump sum immediately.

What ill health benefits can active members receive?

There are two tiers of ill-health retirement and the benefits awarded will depend on whether or not you’re capable of undertaking employment elsewhere.

The Lower Tier will give lower benefits, as you will be assessed as being able to return to work in some form of gainful employment after ill-health retirement. The Upper Tier gives a higher benefit as you will have been assessed as being incapable of returning to work in any form of gainful employment.

The criteria for each are below:

» **Lower Tier Pension:** If you’re medically assessed as being unable to undertake the duties of your own or a Comparable Job having undertaken all appropriate medical treatment to reverse your condition, you will be entitled to early payment of retirement benefits based on your built up Pensionable Service (excluding any enhancement given on conversion of past service on transfer into the Unified Scheme on 1 April 2012 or subsequently on transfer between sections but including any past-service undertaking calculated by the actuary) to the date of your retirement.

» **Upper Tier Pension:** If you’re assessed as being permanently incapable of any Gainful Employment (to age 65, or to age 55 if a fire fighter) through illness or injury following medical assessment and having undertaken all appropriate medical treatment to reverse your condition, you will receive an enhanced pension based on your expected Pensionable Service (excluding any enhancement given on conversion of past service on transfer into the Unified Scheme on 1 April 2012 or subsequently on transfer between sections but including any past-service undertaking calculated by the actuary). If you were part-time immediately before retirement, your expected pensionable service will be pro-rated accordingly to age 65 (or age 55 if a fire fighter).

Enhancement can also be considered if you apply for benefits whilst on sick leave, maternity leave, paternity, parental or adoption leave, or a career break which immediately followed a period of pensionable employment.

Ill health pensions may be suspended if you return to gainful employment after retirement. When in payment, the PSPA will undertake to assess your continuing eligibility to receive an ill health pension.

What ill health benefits can deferred pension members receive?

If you have left pensionable employment, your service won’t be enhanced if you retired on ill-health grounds. To qualify for ill-health benefits, you must be permanently unable to undertake any gainful employment (i.e. you must satisfy the criteria for Upper Tier Ill-Health benefits).

More information on ill health retirement can be found in the Ill health retirement factsheet on the website at www.pspa.im

What happens when you die?

Death in service benefits

If you die in service before you retire, the Unified Scheme will pay:

» **A cash lump sum to your beneficiary**

The lump sum will be three times your Pensionable Pay (or annual average Career Earnings). You can make a nomination for a beneficiary to receive this lump sum if you die. See page 26 to find out how.

» **A short-term survivor pension**

To help with any immediate costs there are extra payments in the first few months following your death. The short-term survivor pension lasts for three months. It will be the same as your monthly Pensionable Pay (or annual average Career Earnings) at your date of death.

» **A long-term survivor pension**

If you have at least two years' Pensionable Service, a pension will be paid to your partner (spouse, civil or nominated) and dependant children on your death. This will be equal to 0.625% (or 1.11% if you are a Section 7 member) of Final Pensionable Pay per year of Pensionable Service (or 0.625% of Career Earnings for practitioners). Benefits built up from service after 1 April 2017 will be reduced by 6%.

Your Pensionable Service will be enhanced to equal the service you would have built up had you remain in service up to age 65 (or up to 55 if you are a Section 7 member). Children will receive 50% of a survivor's pension each, up to maximum of 100% for two or more children.

>> Example – death benefits for your partner or children

Ben dies at age 45 with Pensionable Service of 15 years (5 of which were after 1 April 2017). His service in enhanced by 20 years (to age 65). His Final Pensionable Pay at date of death is £25,000. He leaves a spouse and two children. The protection they will receive is shown below:

» **Long-term survivor's pension**

10	**X**	**0.625%**	**X**	**£25,000**		**=**	**£1,562**	
5	**X**	**0.625%**	**X**	**£25,000**	**X 94%**	**=**	**£734**	**+**
20	**X**	**0.625%**	**X**	**£25,000**	**X 94%**	**=**	**£2,937**	**+**
					Total Pension		**£5,233**	

» **Children's pension**

£5,233	**X**	**50%**	**=**	**£2,616.50 per child**

Death after retirement benefits

If you die after you have retired, the Unified Scheme will pay:

» **A cash lump sum to your beneficiary**

If you die within the first five years of your retirement date, a lump sum will be paid of the balance of five years' pension payments at the rate of your annual pension at the time of death.

» **A short-term survivor pension**

The short-term survivor pension lasts for at least three months. It will be the same as the monthly pension being paid at your date of death.

» **A long-term survivor pension**

This will be the same as the survivor pension described under death in service benefits above, but without the enhancement to service.

>> Example – calculating the cash lump sum for your beneficiaries

Sarah's annual pension is £7,500 and she dies 11 months after retiring.

Her maximum benefit is:	5 x £7,500 = £37,500.
Less the pension instalments she has already received:	£6,875 (11 months' pension)
The cash lump sum to pay is:	£37,500 - £6,875 = £30,625

Death whilst a deferred member

If you die whilst you're a deferred member (e.g. you have stopped working for a Unified Scheme employer but have not yet retired) the Unified Scheme will pay:

» **A cash lump sum to your beneficiary**

The lump sum will be calculated based on your years of service, Final Pensionable Pay (revalued in line with inflation) and a growth rate (the higher of either 1.5% or the growth rate that would have been applied had you retired on your date of death).

» **A long-term survivor pension**

This will be equal to 0.625% of Final Pensionable Pay (increased in line with the inflation index to the date of death) for each year of Pensionable Service (or 0.625% of CARE for practitioners). Benefits built up from service after 1 April 2017 will be reduced by 6%. A child's allowance may also be payable.

Long-term survivor pensions are payable for the life of the recipient and will not stop on re-marriage or co-habitation. Payment of a children's pension will stop when the recipient stops being a child. To be a child, they must be below age 18 or below age 23 if undergoing full time education.

Have you purchased Additional Death Benefits?

If you previously purchased Additional Death Benefits, a pension equivalent to 50% of your extra pension is paid as a survivor pension.

Don't forget to nominate your beneficiaries

To ensure your benefits go to the right person if you die, it's important to nominate your beneficiaries and keep them up to date.

Death in Service Lump Sum

You can nominate anyone (including a child, and / or an organisation) to receive the death benefit lump sum. The advantage of making a nomination is that we can then pay the benefit without delay.

If you do not nominate anyone, we will pay the lump sum to your personal representative.

The nomination will remain valid unless you change or cancel it, or if the person you nominated dies. The one exception to this is when you nominate your husband, wife or civil partner and the marriage/civil partnership comes to an end, through divorce/ dissolution (but not separation). The nomination is then no longer valid and you should make a new nomination. If you separate from a partner who you are neither married nor in a civil partnership with and you had nominated them as a beneficiary, the nomination will remain valid. You will, however, be able to change the nomination or cancel it, if you want.

Important note: At the time of a divorce or dissolution, a court may order that all or part of the death benefit must be paid to the ex-husband, ex-wife or ex-civil partner. If this is the case, we will pay any balance to the person you nominated (nominee) or to your personal representative.

Nominations for Unmarried Survivors Pension

As mentioned above, upon death a survivors pension may be payable to your partner when you die. Your partner can be your spouse, civil partner or unmarried nominated partner. If you have a spouse or registered civil partner, you do not need to nominate them to receive a pension after you die because they are automatically covered by the Scheme's survivor benefits. However, if you have a unmarried partner that you would like to receive a survivors pension upon your death, then you must nominate them, using the Unmarried Partner Nomination Form.

How to make your death benefit nominations

You must complete a Lump Sum Death Benefit Nomination Form to make your nomination for the recipient of your lump sum. Also, to nominate an unmarried partner you must complete the Unmarried Partner Nomination Form. You can download these forms from the resources pages on our website at www.pspa.im Please make sure that you keep it up to date and that you send the PSPA a new form if your circumstances change.

What happens if you are made redundant?

The Public Sector Compensation Scheme 2013 arrangements provide compensation for employees who leave early because of:

- voluntary redundancy; or
- compulsory redundancy.

Further information can be found in the Rules of the Public Sector Compensation Scheme 2013 on the website at www.pspa.im

What happens if you injure yourself at work?

If you have suffered an injury or contracted a disease whilst undertaking your duties at work, then you may be eligible to apply for an injury award as provided for under the Public Sector Injury Benefit Scheme 2015.

The Public Sector Injury Benefit Scheme 2015 provides an annual income if you suffer a temporary or permanent loss of earning ability. Further information can be found in the Rules on the website at www.pspa.im

Pensions and divorce

If you get divorced, you and your ex-partner may decide to offset any pension benefits that either party may have against other assets, such as your joint home. However, sometimes a Pension Sharing Order will be enforced. This splits the pension benefits which you built up between you and your ex-partner. The way in which they are divided will depend on your status and whether you are a:

- Active member
- Deferred member
- Pensioner member

Information about Pension sharing can be found in the Pensions and Divorce factsheet on the website at www.pspa.im

Understanding Existing Member benefits

Existing Members were transferred into the Unified Scheme when it was introduced on 1 April 2012. If you were one of these members, here's where you can find information on how your pension benefits were protected and converted when your pension rights were transferred.

Were your benefits transferred to the Unified Scheme on 1 April 2012?

Existing Members are the names we give current active members, who joined the Unified Scheme on either the 1 April 2012 or 23 September 2016 (Tynwald Members only). If you're an Existing Member, the value of the benefits you had built up in your previous scheme was transferred into the Unified Scheme when it was introduced. To do this, we converted these benefits into an equivalent value in the Unified Scheme to ensure you didn't miss out.

The value you received for your previous scheme benefits (built up to 1 April 2012 or 23 September 2016) were the same regardless of whether you chose the Standard or your Protected Section.

How was past service converted?

Your benefits were converted based on the service you had built up to 1 April 2012. This was how many years and days of Pensionable Service you had built up in your previous scheme before this date.

A conversion factor (i.e. an exchange rate) was used to convert your previous benefits into either the Standard Section or your Protected Section. This conversion factor essentially gave you a certain number of years and days in the Unified Scheme for every year and day of service you had built up in your previous scheme.

The conversion factor depended on your previous scheme and you would have been told when you transferred into the Unified Scheme the amount of service that had been converted and transferred for you.

What's a conversion factor?

This is really just a value (e.g. a number) given for your benefits. You could look at it a bit like an exchange rate you would get when you convert your money to go overseas. We set an exchange rate that ensured benefits were transferred into the Unified Scheme fairly and nobody missed out.

How do conversion factors work?

The table below provides you with an example of the conversion factors used for past service in the Civil Service Pension Scheme Classic Section.

The Protected Section conversion factor shown below is lower than the Standard Section factor because the percentage growth rates used to calculate Protected Section benefits are higher (see page 14 for details).

	Standard Section	Protected Section
Your pension	1.26	1
Survivor's pension	1	1

Using the factors shown, a person in the Civil Service Pension Scheme Classic Section received 1.26 years or days' membership in the Standard Section for every year or day that they have been in the Classic Scheme.

If they opted for protection, they received one year or day for every year or day they had been in the Classic Scheme. This is because the growth rate used to calculate their benefits is higher in the Protected Section (e.g. 1.9% at age 65) than the Standard Section (e.g. 1.5% at age 65).

>> Example – how benefits in the Civil Service Pension Scheme Classic Section were converted

Mike had 35 years' service in his current scheme at 31 March 2012. This would have been converted as follows:

Standard Section	35 years 0 days X 1.26	= 44 years and 37 days
Protected Section	35 years 0 days X 1	= 35 years and 0 days

The survivor's pension level will be the same rate, so they will have an equal credit for their service in either the Standard or the Protected Sections.

What happened to your added years and additional pension?

Added years

If, on 1 April 2012, you were paying extra pension contributions towards added years and decided to stop these, the benefits you purchased would have been converted into the Unified Scheme too, in the same way as shown above.

If, on 1 April 2012 you opted to continue to pay extra contributions, your agreement would have been carried forward into the Unified Scheme to provide you with the same additional service as you would have expected to receive in your previous scheme.

Added pension

If, on 1 April 2012 you were buying additional pension, you would have been able to continue to buy the same amount in the Unified Scheme.

If you opted to stop paying for additional pension, the extra amount you had purchased would have been calculated and will be available for you when you retire. If you retire before the date it would have been paid, it may be reduced.

How will benefits be treated for those who took partial retirement?

If you had partially retired from your previous scheme, prior to joining the Unified Scheme, the service that we have converted and transferred to the Unified Scheme, is only the service you earned after taking Partial Retirement.

When you retire from the Unified Scheme, your pension and lump sum would be calculated on this service only and on a Final Pensionable Pay based only on the earnings accrued after you had taken partial retirement.

Changing Jobs for Protected Section Members - Important Information

Your employment has a direct link to your eligibility to remain in the Protected Section. If you are considering changing your job, or getting another part-time job, or even reducing your hours there may be a direct impact to your future membership of Protected Sections and the value of your future pension entitlement. If you are unsure how a change in your employment will impact on your pension, please refer to our Changing Jobs Fact Sheet on the website, or contact the PSPA on pensions@pspa.im for more advice.

Special membership categories

Within the Unified Scheme there are some members who have special membership categories, so their benefits and entitlements may be different to those described above. Some of the key differences are explained here.

What special membership categories exist in the Unified Scheme?

The following special membership categories exist within the Unified Scheme:

- Practitioners – there's a supplementary guide for you on the website
- Fire fighters – there's a supplementary guide for you on the website
- Tynwald Members
- Special Class Status
- Mental Health Officer Status
- Hospital Doctors who protected Final Pensionable Pay
- Pre Fresh Start Prison Officers
- Civil servants able to retire after 40 years

What is different for Tynwald Members (Section 8 and 8a)?

Pensionable Service:

A Tynwald Member who remains a Member of the House of Keys and who does not at any time during scheme service hold office as either a Minister, Speaker, Member of Department or Chairman, will build up day for day Pensionable Service.

A Tynwald Member who holds office as either a Minister, Speaker, Member of Department or Chairman will receive an enhancement to their Pensionable Service for the length of time the office is held. The enhancement to pensionable service is known as a "service credit" and is dependent on the office held and the rate of % enhancement for that office.

Early Retirement Reduction from Age 50:

Members of Section 8a can retire early and claim their benefits from age 50. Benefits will be actuarially reduced to compensate for the fact that the pension will be paid for longer.

Survivor Pensions

In the case of members who were also former members of the Tynwald Membership Pension Scheme 1995 and who joined Section 8 and or Section 8a any Long-term Survivor Pensions will be calculated as follows:

Long-term Survivor Pensions is the addition of Part 1 and 2

Part 1 – a long term survivor pension equal to 75% of the Pension built up to 22 September 2016;

Part 2 - a long term survivors pension equal to 0.625% of Final Pensionable Pay per year of Pensionable Service from 22 September 2016. Pensionable Service will be enhanced to equal the service you would have built up had you remain in service up to age 65.

What is different for members with Special Class or Mental Health Officer status?

If you have Special Class or Mental Health Officer (MHO) status and opted to join your Protected Section (Section 2), you can currently retire from age 55 without a reduction to your pension.

If you are an MHO you may also be earning double the pension benefits for each year of membership after you have completed 20 years' service.

If you retire before age 60 your pension will be calculated using the age 60 accrual rate of 1.46% with pension accrued from service built up after 1 April 2017 reduced by 6%.

If you retire at age 60 or above your pension will be calculated using the accrual rate that applies to your age.

What is different for Hospital Doctors who protected Final Pensionable Pay?

You are in this category if you are a Hospital Doctor who:

» upon joining the Unified Scheme on 1 April 2012 was within seven years of age 60; and

» elected to protect your definition of Final Pensionable Pay that is used to calculate your pension benefits.

You opted to protect the definition of Final Pensionable Pay from your previous NHS Superannuation Scheme 2007 arrangement and therefore the definition described on page 4 does not apply to you.

Instead, the Final Pensionable Pay definition that will be applied to calculate your pension benefits will be the best of the last three years' of your Pensionable Pay.

As a member with this protection, you must also pay a contribution rate of 9.6% from 1 April 2012.

What is different for Pre Fresh Start Prison Officers?

After 20 years of service, Pre Fresh Start Prison Officers earned 2/80ths of Final Pensionable Pay for each year of subsequent membership in the Classic Scheme (and lump sum benefits to match).

If you're a Pre Fresh Start Prison Officer who joined your Protected Section (Section 2), you will continue to earn benefits on this basis.

You can also retire from age 55 without a reduction to benefits. If you retire between age 55 and 60, you will receive the age 60 growth rate in Protection Section 2 of 1.46% with pension accrued from service built up after 1 April 2017 reduced by 6%.

What is different for civil servants who are able to retire after 40 years?

Some members of the previous civil service schemes were advised by their employer that they may retire once they are aged 55 and have achieved 40 years' service without their benefits being reduced, even if this is before age 60.

The Unified Scheme allowed these commitments to be honoured if members elected to join Protected Section (Section 2). If you are in Section 2, your benefits would be based on the age 60 growth rate of 1.46% with pension accrued from service built up after 1 April 2017 reduced by 6%.

If you leave after age 60, then the benefits will be based on the relevant growth rate for the age you retire.

What counts towards the 40 years' service?

The definition of what counts towards the 40 years' service includes service that had been transferred into your previous scheme. However, it does not include any additional years or days' service you may have received when your service in your previous scheme was transferred into the Unified Scheme.

Other information

Disagreements and complaints procedures

If you have a complaint about Unified Scheme benefits or scheme administration, and you have not been able to sort it out with the pensions administration team at the PSPA, you can ask them for a written explanation of their decision under the Internal Dispute Resolution Procedures (IDRP) procedures. Details of the IDRP can be found on the Contact Us page of the website at www.pspa.im

If, after receiving their decision, you still feel that you have a valid complaint, you (or someone representing your interests, such as a friend or trade union) can appeal to the PSPA. You must do so within six months of the date of the first stage decision.

The Pensions Advisory Service (TPAS)

TPAS is a voluntary organisation which helps members and beneficiaries of occupational pension schemes with difficulties they may have with the trustees or administrators of their scheme.

You can contact TPAS at:

11 Belgrave Road

LONDON SW1V 1RB

www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman (based at the same address as TPAS) has the power to investigate and make decisions about complaints or disagreements in relation to occupational pension schemes. He can investigate any complaint about the injustice as a result of poor administration or questions of fact and law. He will expect you to have used the IDR procedures before he will investigate any complaint himself.

There is a time limit for bringing a complaint before the Pensions Ombudsman. You can find details on www.pension-ombudsman.org.uk

The Public Sector Pensions Authority (PSPA)

The Unified Scheme is managed and administered by the Public Sector Pensions Authority 'PSPA'.

The Unified Scheme was set up under the Public Sector Pensions Act and the PSPA may amend the Scheme's provisions from time to time by laying an amendment scheme before Tynwald. The PSPA can only make changes after consultation with the scheme members, proposed members, their representatives, their employers and Treasury.

State benefits

To help support your income, the Government will also provide you with a State pension when you retire.

The pension payable from the State is made up of two parts – the Basic State Pension and the additional earnings-related pension (called the Second State Pension or S2P). The State pension is paid from State Pension Age and increases each year in line with inflation.

The minimum retirement age in the Unified Scheme is age 55 (or age 50 for Section 7 and 8a Members). If you plan to retire at this age, please make sure you consider whether you will have enough income to support yourself until your State pension starts.

Your membership of the Unified Scheme does not affect your entitlement to the Basic State Pension. However, you may not be entitled to the earnings-related element as the Unified Scheme is contracted out of the S2P. See page 4.

Employers who provide schemes that are contracted out have reference numbers. The following numbers are relevant to your employment.

» Employer's contracting-out number: E3700001X

» Scheme's contracting-out number: S2800067D

Knowing how much State pension you will receive is an important part of your retirement planning.

Visit www.gov.im/socialcare to find out how much you might receive.

Tax and pensions

Tax relief on your pension contributions

The contributions you make towards your pension are taken out of your pay before tax is applied (i.e. using your gross pay). This helps reduce the income tax you pay on your salary and ensures you receive tax relief on your contributions.

Ultimately, this means that your pension contributions won't reduce your take home pay as much as you might think.

>> Example – tax relief in the Standard Section

Jan earns £30,000 a year (£2,500 each month). Her Unified Scheme contribution rate is 5% or £125 each month. However, Jan pays tax at the higher rate, so she will get tax relief at 20%. This means the real cost to Jan is:

£125	**-**	**£25 (i.e. 20% of £125)**	**=**	**£100**

Tax on lump sums paid on grounds of triviality

If your pension falls below the Income Tax limits for paying small pensions as a one off payment, you may be able to trivially commute your pension. If you do, an element of the lump sum is taxable.

Tax on fully commuted pensions paid as lump sums on grounds of limited life expectancy

In these circumstances the lump sum paid instead of a residual pension is taxable.

Charges for Pension Benefits and Transfer Value Estimates

Pension Benefits Estimate

The PSPA will provide you with an annual statement that will show you your potential pension and lump sum at a range of retirement ages. If you require any additional estimates there may be a charge.

Transfer Value Estimate

There may also be a charge for the provision of a transfer value or CETV.

Please refer to the Schedule of Charges on the website at www.pspa.im for more information

Find out more

Where can I go for help?

Contact the Public Sector Pensions Authority

» Website: www.pspa.im

» Email: pensions@pspa.im

» Write to us: Public Sector Pensions Authority

Prospect House, 27-29 Prospect Hill
Douglas, ISLE OF MAN, IM1 1ET

You can telephone us on 01624 685598. However, we recommend that you email your enquiry whenever possible to ensure that you have a record of your enquiry and the response.

Do you need financial advice?

Please note that we can't give you financial advice. If you need financial advice you can speak to an independent and authorised financial adviser and a list of advisers is provided on the website.

You should always check that any independent financial adviser you consult is authorised and/or licensed to give the advice you are seeking. Most financial advisers will charge you for their advice. You will be responsible for paying any costs associated with this advice.

"If you need financial advice you can speak to an independent and authorised financial adviser."

V7 April 2017