

## Fact Sheet T FS1

### Opting Out of the Isle of Man Teachers Superannuation Order 2011

This Fact Sheet provides important information for you to read if you are thinking about opting out of (leaving) the Isle of Man Teachers Superannuation Order 2011 'the Teachers Scheme'

#### What will it mean for me?

Pension rights are a valuable asset and you need to think very carefully about what you will be giving up and missing out on. Membership of the Teachers' Pension Scheme is automatic but not compulsory. You are free to opt out and make your own pension arrangements.

If you are thinking about opting out of the Teachers Scheme, please remember that you will be missing out on:

- A range of valuable benefits for you and your family: including a pension, lump sum and potential pension benefits for your surviving dependants;
- Cover for death in membership benefits including life assurance
- An important part of your pay and reward package – as you will miss out on a generous employer contribution into your pension pot; and
- The peace of mind that comes from knowing you have made a start on planning towards your retirement.
- Tax relief on contributions and reduced rate NI

There are lots of reasons for thinking about opting out of a pension scheme, the most common being;

- I don't want to pay a percentage of my pay towards a pension;
- I'm too young to think about a pension; or
- I'm not planning on staying long in teaching.

If these are some of the reasons why you are thinking about opting out, then please read on:

#### I don't want to pay a percentage of my pay towards a pension;

In the Teachers Scheme you will currently be paying a contribution of xxx of your pensionable earnings, but your contributions actually cost you less than this because of tax relief.

You will also pay a reduced rate National Insurance contribution if you are a member of the Teachers Scheme and if you opt out, your National Insurance Contribution will increase. Your department's pay office will be able to give you an indication of how much you will pay if you opt out and pay the higher NI rate.

## TFS1

A majority of the overall cost of pension benefits is subsidised by the Isle of Man Government – if you had your own pension plan you would have to meet the full cost yourself for a similar retirement income.

By opting out you are turning down some free pension and possibly putting greater dependence on state benefits to support you in retirement.

### I'm too young to think about a pension

You are never too young to start building up a pension – the earlier the better. If you want to enjoy “life after work”, a pension built up over your working life could be the key to achieving this.

### I'm not planning on staying long in Teaching

That doesn't matter – your pension rights are transferable and can easily follow you through your working life with both public and private sector employers both in the IOM and overseas.

### If I opt out what happens to the benefits I have built up so far?

If you leave the Teacher's Scheme with less than 2 years service (any service you have transferred in counts towards this requirement) you will not be able to preserve your benefits.

If you leave within 3 months you will have a refund of your contributions, more than 3 months but less than 2 years you will have the choice of a refund of contributions or to apply to transfer the value of your pension you have built up to another pension scheme.

More than 2 years service will mean that you will have the option to either preserve (freeze) the benefits you have built up in the Teachers Scheme and these will be paid to you at retirement or you could apply to have transfer the value of your pension to another pension scheme.

### Where can I find further information?

Please read your Teachers Scheme guide on the website at [www.pspa.im](http://www.pspa.im) for further information about the valuable benefits offered by your pension scheme arrangements.

Alternatively, you can contact the PSPA to talk to a pension's administrator about opting out – our contact details are on page 4. PSPA staff can not give you financial advice about the Teachers Scheme and how it may enhance your financial future. We do recommend that you seek independent financial advice if considering opting out. You should always check that any independent adviser you consult is authorised and /or licensed to give the advice you are seeking. Most financial advisers will charge for their advice.

## TFS1

Please think very carefully before making your decision and consider taking independent financial advice to help make the right choice for you and your dependant's financial future.

### I have read the advice in this fact sheet, but I still want to Opt Out of the Teachers Scheme?

Action: Complete Opt Out Form Pen TR263 (IOM) and tell your employer

If you still decide you wish to opt out of the Teachers Scheme arrangements completely, then you should complete the Opt Out Form and hand it in to your employer's payroll office.

They will make the necessary adjustments to take you out of the scheme and adjust your payroll records, before passing it on to the PSPA. Once the PSPA receives the form, we will update your pension record to show that you have opted out.

### Can I opt out and then rejoin the Teachers Scheme in the future?

Yes, it may be possible for you to re-join, please contact the pension administrators at the PSPA for more information.

### Disclaimer

This fact sheet is a guide only and does not represent any entitlement to the provisions described. This fact sheet provides information to help you think about the consequences of opting out and does not cover every aspect of the scheme. The full details are contained only in the Rules, which are the legal basis of the scheme. Nothing in this fact sheet will over ride the Rules, and in the event of any unintentional difference, the regulations will apply.

### Where can I go for help?

Contact the Teachers Scheme administrators at the PSPA:

Email: [pensions@pspa.im](mailto:pensions@pspa.im)

Write to:

PSPA  
3<sup>rd</sup> Floor, 27-29 Prospect House  
Prospect Hill, Douglas,  
ISLE OF MAN IM1 1ET

You can telephone us on 01624 685598, however we always recommend putting your enquiry in writing if you can, so that there is a written record of your enquiry and our response.