

ANNOUNCEMENT

Group Personal Pension Scheme

From 1st April 2012 there will be a new Group Personal Pension Scheme' ("the Scheme") for all eligible employees of Isle of Man Government which replaces the previous additional voluntary contribution scheme. After careful consideration we have selected the well-known insurance company, Aviva as the provider of the Scheme. The scheme will run as a voluntary addition to the Unified Scheme.

This Announcement letter summarises the details of the new Scheme and provides the information required to enable you to decide whether to join the Scheme. A meeting can be arranged with our Pension Advisers, **MAC** Financial, the Island's largest Corporate IFA, who will outline details of the plan and answer any specific queries. A 'joining pack' from Aviva will follow in due course.

I thought I was a member of the Government Unified Scheme?

You are, however if you have a shortfall in retirement planning, the Aviva Group Personal Pension has been selected to help you reduce that shortfall, by allowing you to personally make additional contributions.

What is a Group Personal Pension Scheme'?

Group Personal Pensions are essentially a 'cluster' of individual Personal Pension policies gathered together under a collective name; (in this case, the Isle of Man Government). Under the Scheme, therefore, you will have a policy directly with Aviva, which will be set up in your name and which will belong to you.

The pension that you ultimately receive from the Scheme when you retire will largely depend on three factors;

1. The amount of money paid into your policy;
2. The performance of the fund(s) within your policy, in which your contributions are invested; and
3. The cost of buying a pension, when you decide to take your benefits from your policy.

How much can I pay into the Scheme?

Including any contributions that you already make into the Unified Scheme, you can contribute up to 100% Net Relevant Earnings (capped at £300,000) and claim tax relief.

Tax relief means that, for basic rate tax payers, for every £100 you pay into your policy, there is £10 potential tax relief (£20 for higher rate tax payers)

All tax relief is obtained through your tax return.

What happens to my contributions?

Contributions into your policy are automatically invested in a Default fund – details will be in your pack.

You may choose to invest into one or more funds, offered by Aviva. These changes can be made online after the policy is commenced. Further details of the available range of funds can be supplied upon request and will be in the joiners pack.

Are there any benefits on death?

If you were to die **before** taking any benefits from your policy, the full value of the fund in your policy, as at the date of your death, would be available to provide benefits for your spouse and/or dependants. This is subject to any separate agreements regarding the Spouse's Pension provision you may be subject to. Please speak to HR if you are unsure.

If you were to die **after** starting to take your benefits, your pension could continue until the end of any guaranteed period you may have chosen. A pension may then be payable to your spouse and/or dependants, if you have chosen that option.

There will also be additional choices at retirement regarding your ability to 'pass on' benefits.

What are the costs of the Scheme?

- Aviva will charge a fee for investing and managing the fund in your policy equivalent to 1% **per year** of the value of your fund. This is a very competitive cost and equates to £1 for every £100 in your plan.

What happens on leaving the Government?

There are a number of options open to you, depending on your employment status after leaving the Government. These options include (a) continuing to contribute to your policy, (b) stopping contributions and leaving your policy invested until you want to take benefits, or (c) transferring your policy to another approved pension arrangement. Full details of all your options would be given to you at the time by Aviva and **MAC** Financial.

What ultimate benefits are available?

When you wish to take your benefits, the value of your policy can be used to buy a pension, which you can choose to increase in payment, guarantee to be paid for a certain period, and/or continue for your spouse and/or dependants. Up to 30% of your policy fund can normally be paid as a tax-free cash sum. All pensions will be taxed as earned income. Currently, you may take your benefits at any time between age 50 and 75 and you do not have to stop working to take your benefits

What about State pensions?

Taking out this policy will not affect your entitlement to the Isle of Man Basic State Pension.

How can I join the Scheme?

A new starter pack will follow on request. You will have the option to join the scheme with effect from 1st April 2012. **MAC** Financial will send out a letter and an Aviva policy document which confirms the start date, contribution and investment fund choice, after you have joined. A series of group presentations will be arranged, and individual meetings can be held on request.

If you have any doubt as to whether the Scheme is suitable for you we would recommend that you seek independent financial advice. This is available from **MAC** Financial who can be contacted on telephone 639450, www.mac-financial.com

All information contained in this letter is based on current Isle of Man Assessor regulations which may change in future. The value of an investment may go down as well as up and cannot be guaranteed.