

In Confidence

Minutes of a special meeting of the Public Sector Pensions Authority (PSPA) on 5 November 2014 at 10.00 in the PSPA Meeting Room, Goldie House, Douglas.

Present: PSPA

Mr J Carter (Chairman)

Hon C R Robertshaw, MHK (Vice Chairman)

Mr K Flint

Mr E Holmes

Mr T P Wild, MLC

In Attendance: Mr I T Murray

Mr P T Gawne

Apologies: Mr I Burnett (Secretary)

**Minute Minute
No**

Conflicts of Interest

There were no conflicts of interest declared.

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The Chairman opened the meeting by confirming that the special meeting had been arranged with the sole purpose of the Board considering the report from the Public Sector Pensions Joint Working Group ("the Working Group") which had been submitted in draft to the Council of Ministers.

Mr Murray provided some background to the report, which was broadly that the work undertaken by the PSPA actuary had indicated that there would be a long term shortfall in income over expenditure of around 23% of pensionable salaries across all public sector schemes which would lead to the Pensions Reserve being utilised by around 2025. It was against this backdrop that the Working Group had to make some unpalatable decisions around further changes to all schemes which would affect a wide group of current and new members and also employers.

Mr Murray took the Board through the changes proposed by the Working Group and clarified a number of queries around the effects of the report and impact on both current and deferred members.

After much discussion and deliberation, the Board agreed the following:

1. The Working Group report is endorsed by the PSPA subject to the issues raised below being noted and where appropriate, approved by Council:
2. If the report is approved by Tynwald at its December 2014 sitting, full consultation should occur on the proposed changes by the PSPA with affected members and their representatives for at least a period of three months;
3. With regard to the two options to either tax lump sums above £200,000 or use a different commutation factor of 12:1 to convert lump sum to pension above £200,000 (page 22 of the report), the Board wished it to be noted

- that it favoured the option to tax lump sums above £200,000;
4. The Board wished the Executive Summary in respect of the proposed changes to Tynwald Members pensions (page 8 of the report) to be amended to highlight the fact that if the scheme for Tynwald Members was switched to a statutory footing, members would benefit from tax relief on both their contributions and the lump sum on retirement would also be paid tax free (subject to this not being in excess of £200,000 as proposed by the Working Group);
 5. With regard to the proposed capping of pension increases at 3% for both new members and in respect of future service benefits for existing members, the Board wished the report to clarify that that this would not apply to existing deferred members as to do so would be worsening their accrued rights.

Date of Next Meeting

The next meeting of the Board would be held on 12 November 2014 at the amended time of 4.45 pm.

The meeting closed at 11.25 am