

Isle of Man

**The Police Pensions Regulations
1991**

Members' Guide

Reviewed June 2018

Contents

1. Introduction	4
2. "At a glance" guide	5
3. Membership and contributions	7
3.1 Membership	7
3.2 Your contributions	7
3.3 Unpaid absence	8
4. Retirement and the benefits you receive	9
4.1 Retirement age	10
4.2 Average pensionable pay	10
4.3 Pensionable service	11
4.4 Part-time working and pensionable service	11
4.5 Benefits on retirement	11
4.6 Ordinary pension	11
4.7 Short service pension	12
4.8 Pension after part-time work	12
4.9 Deferred pension	13
4.10 Refund of contributions on leaving the service	14
5. Benefits for survivors if you die	15
5.1 Lump sum death grant	15
5.2 Death gratuity	15
5.3 Gratuity – estate	15
5.4 Adult survivor awards	16
5.5 Children's pensions	19
6. Medical retirement and pensions paid on grounds of ill-health	20
6.1 Referral to a medical practitioner	20
6.2 Ill-health pension	21
6.3 Ill-health gratuity	22
6.4 Review of permanent disablement	22
6.5 Reduction of ill-health award due to your default	22
6.6 Injury award	22
7. Commutation and allocation of your pension	23
7.1 Commutation	23
7.2 Allocation	23
8. Increasing your benefits	25
8.1 Purchase of increased benefits through 'added years'	25
8.2 PPR Additional Voluntary Contributions (AVC) scheme	27

9. Transferring benefits into, and leaving the scheme	28
9.1 Inward transfer of pension rights to PPR	28
9.2 Outward transfer of your PPR pension rights	29
9.3 Opting out	30
9.4 Opportunities to re-join at a later date	31
10. Re-engagement after retirement	32
10.1 Resumption of police service before usual pension age	32
10.2 Resumption of police service after receipt of a pension	32
10.3 Abatement of pension	32
10.4 Inter-service abatement	33
11. Divorce and dissolution of civil partnerships	34
12. Payment of awards	35
12.1 General arrangements	35
12.2 Income Tax	35
12.3 State Pension benefits	36
12.4 Pensions increase in line with inflation	37
13. Miscellaneous	39
13.1 Forfeiture of pension	39
13.2 Assignment of benefits	40
13.3 Loss of benefits	40
13.4 Scheme amendments	40
13.5 Income Tax Revenue limits	40
14. Appeals and complaints	41
14.1 General	41
14.2 Medical appeals	41
14.3 Appeal to High Court	42
14.4 Internal dispute resolution procedures	42
14.5 Pensions Ombudsman	42
14.6 Data Protection	43
Time limits	44
Glossary	45
Contact Information	50
Small Print	51

1. Introduction

The Public Sector Pensions Authority manages and administers the Police Pension Regulations in the Isle of Man. The PSPA provides a pension scheme for officers of the Isle of Man Constabulary. These arrangements are known as The Police Pensions Regulations 1991 (abbreviated to PPR 1991 in this guide) and the Police Pensions Regulations 2010 (abbreviated to PPR 2010) and these are amended from time to time.

These schemes are not linked to or analogous to the police pension schemes in the United Kingdom.

The schemes are controlled by formal regulations. This guide is intended to explain the main details in simpler language than is used in the regulations, although it must be remembered that nothing in this guide can override the regulations.

Officers who started their police service before 1 April 2010 will have joined PPR 1991 and officers who started their police service after 1 April 2010 can join the PPR 2010.

This guide applies only to members of PPR 1991. There is a separate guide for members of PPR 2010.

Injury awards are no longer part of the pension scheme, but are controlled by separate regulations. Guidance on injury awards will be made available separately.

This guide applies only to police officers in the Isle of Man Constabulary.

The Public Sector Pensions Authority (PSPA) contact details can be found on page 51 of this guide. If there are any points about which you would like further help, please contact the PSPA who have a copy of the regulations, to which you will be able to refer if you wish.

The following sections give more detailed information about PPR 1991. Section 2 is an 'at a glance' guide to the scheme, which summarises the main elements.

The information in the guide uses plain language where possible, but the use of specialist terms in relation to pensions is sometimes unavoidable. The main terms with which you might not be familiar are explained in the glossary on page 46.

2. The Police Pension Scheme “*at a glance*”

Key features

- All new recruits to the police service before 1 April 2010 became members of PPR 1991, unless they opted out of the scheme.
- Police officers contribute between 14.25% and 15.05% of their pay to the scheme
- PPR 1991 is a ‘final salary’ scheme, which means that the pension is calculated as a proportion of your final average pensionable pay. This is generally pay in your last year of service as a member of the scheme.
- The pension that you will receive depends on your pensionable service, which for most officers will be the length of service in the police force for which they have paid pension contributions, with appropriate adjustments for any part-time service.

Pension benefits for police officers

- The earliest age that a pension can generally be paid is 50, depending upon length of service, but if you have 30 years’ pensionable service, you may retire with an immediate pension before age 50.
- Ill health pensions are payable immediately.
- 30 years’ service is needed for a maximum pension.
- A maximum pension is two-thirds of average pensionable pay.
- There is an option to exchange (‘commute’) part of the pension for a tax-free lump sum.
- Average pensionable pay is in effect the highest pensionable pay for the three years before retirement.
- Each year of pensionable service for the first 20 years gives entitlement to a pension of 1/60 of final pay and each year for the final 10 years gives 2/60, up to a limit of 40/60.
- Pensions in payment are generally increased for inflation (though only from the age of 55 unless the officer is medically retired or other conditions are satisfied).

Benefits for others on the death of a police officer

- A lump sum death grant of two times pay.
- A pension for a surviving adult (surviving spouse, civil partner or nominated partner) is half of the officer’s pension entitlement.
- Dependent children under the age of 23 may qualify for a pension.

Medical retirement and ill-health pensions

- The Department of Home Affairs (the Department) has discretion to retire a police officer on the grounds that he or she is permanently disabled for the ordinary duties of a member of the police force.
- An immediate pension and lump sum is payable to any officer at any age who is granted ill-health retirement.
- The issue of permanent disablement is determined by a doctor and there are appeal rights against medical decisions.
- Ill-health pensions are increased to take account of inflation throughout their payment.
- The Department of Home Affairs has discretion to review the payment of ill-health awards at intervals.
- Even if you are judged to be permanently disabled, it does not automatically follow that you will be granted ill-health retirement. The Department of Home Affairs will consider whether there are alternative duties that you could perform and still remain in the service (taking account of your overall capabilities).
- There are separate arrangements for the payment of injury awards to officers who are permanently disabled as the result of an injury on duty, which are outside the pension scheme.

Other features

- There is a facility to buy more pension in the scheme ('added years') within the overall limit of 30 years.
- There is also the option to pay additional voluntary contributions to a pension investment plan through Aviva.
- If you build up pension rights in the scheme but leave the police service (or opt out of the scheme) before retirement, you will be eligible for a Deferred pension payable at age 60. Deferred Pensions can be payable from age 55, but will be actuarially reduced to take account of the fact the pension is being paid early before age 60 and will be in payment for longer.

3. Membership and contributions

3.1 Membership

If you are a regular police officer, and you joined the service before 1 April 2010, you will have been admitted to PPR 1991 automatically on appointment unless you decided to opt out.

If you opted out of PPR 1991 you cannot re-join it. After that date, if you wish to opt back in, you must join PPR 2010. This may be subject to a medical examination (for which you would have to pay the cost), to decide whether you will be eligible for ill-health benefits.

Ordinarily, all other officers joining the police service after 1 April 2010 will be admitted to the Police Pension Regulations 2010. This includes former officers of the Isle of Man Constabulary who resigned from the force and wish to re-join.

The Regulations permit joiners membership of the PPR 1991 but only with express agreement of the Department of Home Affairs and subject to certain criteria being met. It is possible for you to be a member of PPR 1991 and to contribute to other pension schemes, such as a personal pension plan, at the same time. You are recommended to consult an independent financial adviser if you wish to obtain information about other pension schemes.

3.2 Your contributions

You pay contributions towards the cost of your pension benefits. These are set as a percentage of your 'pensionable pay'. The contribution rate you pay is tiered and is dependent on the amount of your basic annual salary. The current salary tiers and contribution rates (as at 1st April 2014) are shown at table 1:

Table 1

Tier	Salary Tier	Contribution Rate from 1 April 2014
Tier 1	Basic Annual Salary under £27,000	n/a
Tier 2	Basic Annual Salary more than £27,000 but less than £60,000	14.25%
Tier 3	Basic Annual Salary of £60,000 and over	15.05%

Pensionable pay includes basic salary, additional salary on temporary promotion and competence related threshold payments. Overtime pay, housing allowance and transitional rent allowance are not pensionable.

Contributions are deducted from pay before it is assessed for income tax, so you will automatically receive full income tax relief at the highest rate you pay. In addition, as the scheme is contracted-out of the State Second Pension arrangements, you pay a lower rate of National Insurance contributions.

3.3 Unpaid absence

Your pensionable service may be affected by any periods of unpaid absence. In general, periods of absence can only count as pensionable service (see section 4.3) if pension contributions are paid in respect of the period of absence. Sick leave on full pay or reduced pay and paid maternity leave, maternity support leave and adoption leave count towards pensionable service if pension contributions are paid for those periods.

Unpaid leave, other than the first 26 weeks of maternity leave, can only count as pensionable service if you pay the pension contributions which would otherwise have been due. You are only able to do this for periods of unpaid maternity or parental leave, or a period of unpaid sick leave which is less than six months in duration. You cannot pay pension contributions for a total of more than 12 months of unpaid sick leave aggregated across your police service. If you wish to pay contributions under these circumstances, you must notify the Constabulary within six months of your return to work, or by the date you leave the service if that is earlier. The contributions may be paid by lump sum or instalments. Further details are available from the PSPA.

Pension contributions cannot be paid in respect of unpaid career breaks or any absence covered by the Isle of Man Constabulary's Preferential Rejoin Scheme.

4. Retirement and the benefits you receive

The amount of your retirement benefits and the date on which they become payable will depend on your age, final pensionable pay and length of pensionable service.

4.1 Retirement Pensions and ages

If you have 25 years' pensionable service you can retire with an **Ordinary Pension** paid immediately on retirement once you reach age 50.

If you have 30 years' pensionable service you may retire immediately with an **Ordinary Pension** before age 50.

If you have less than 25 years' service and retire at what would have been the compulsory retirement age for your rank before the compulsory retirement ages were introduced on 1 April 2010, you can receive a **Short Service Pension**. The pre- 2010 compulsory retirement ages are now called "voluntary retirement ages".

From 1 April 2010, **compulsory retirement ages** are:

- for a constable, sergeant, inspector or chief inspector, 60 years
- for an officer with any higher rank, 65 years.

From 1 April 2010, **voluntary retirement ages** are:

- for a constable or sergeant, 55 years
- for an inspector or Superintendent, 60 years.

Appointment to the rank of chief constable is for a fixed term. If you have been appointed for a fixed term which ends before you reach the age of 55, and your service does end before you reach age 55, you will be entitled to a deferred pension payable at age 60.

If you have completed 30 years' pensionable service in PPR 1991 (or would have been able to if you had not opted out of PPR), the Constabulary may require you to retire on the grounds that your retention in the force would not be in the general interests of efficiency.

If you become permanently disabled at any age for the performance of the ordinary duties of a member of the force, the Constabulary may require you to retire on the grounds of ill-health (see Section 6).

Officers are required to give three months' notice of their intended voluntary retirement.

4.2 Average pensionable pay

Your pension benefits are calculated based on your average pensionable pay, which is normally your pensionable pay for your final 12 months of service. If your pensionable pay in one of the preceding two years was higher, then this will be used instead. **Example 1**

Alex retires at the end of 2017. He was given temporary promotion in 2016. His pensionable pay in the three years prior to his retirement has been:

2017 £37,000

2016 £45,000

2015 £40,000

His average pensionable pay, for calculating his pension, will be his 2016 pay.

Average pensionable pay is always taken to be full-time pay, even if you work part-time. If you work half-time for a year, for example, your final pensionable pay for that year is the full-time rate (but you will only be able to count a half year's pensionable service).

4.3 Pensionable service

This is the service that counts in the calculation of your pension. This includes:-

- your current service as a regular police officer during which you have paid pension contributions or for which contributions are deemed to have been paid (e.g. any unpaid period in the first 26 weeks of maternity leave).
- earlier service in the same force, or in a Home Office police force (again, provided that you paid pension contributions in your earlier service and that these have not been refunded to you).
- earlier service with a Scottish force or the Police Service of Northern Ireland, if you transferred with consent and you paid pension contributions which have not been refunded to you.
- periods of 'relevant service' as under Part 7 of Regulations of the Police Regulations 2015 (this includes appointments to the Inspectorate of Constabulary and certain types of overseas service) during which you have paid pension contributions. (Officers contemplating overseas service are recommended to seek advice on the pension position before agreeing to undertake it.)

If you have pension benefits in the scheme of a former employer (such as UK Police) or in a personal pension plan you may be able to transfer them into PPR 1991. The transfer value will buy a credit of pensionable service in PPR. The PSPA has discretion to refuse a transfer if it is deemed to be insufficient to cover the cost of any

Guaranteed Minimum Pension to which you may be entitled (if you had been employed in the period 1978 – 1997).

4.4 Part-time working and pensionable service

Approved part-time working is counted as pensionable service on a pro-rata basis based on actual hours worked as a proportion of full-time work. Your pension contributions are also collected on a pro-rata basis (i.e. % of the part-time pay).

Example 2

Bethan's full-time pensionable pay would be £30,000 but she is working half-time. She therefore receives £15,000 salary and pays pension contributions, at a % of that, of £1,650. Each year that she serves half-time and pays pension contributions adds half a year to her pensionable service.

4.5 Benefits on retirement

You will receive a pension for life plus, if you choose to commute part of it, a tax-free lump sum.

Your police pension is based on $\frac{1}{60}$ th of your average pensionable pay for each year of pensionable service up to 20 years, and $\frac{2}{60}$ ths of your average pensionable pay for each year over 20 years, up to a maximum of $\frac{40}{60}$ th.

For example, 25 years' service gives $\frac{30}{60}$ ths. Each day counts as $\frac{1}{365}$ th of a year. The maximum length of pensionable service that can count towards a PPR pension is 30 years.

The position of officers who have worked some part time service is dealt with at section 4.8.

You can exchange ('commute') part of your pension for a tax-free lump sum (see section 7).

4.6 Ordinary pension

An ordinary pension is awarded immediately on retirement from active police service after completion of at least 25 years' pensionable service, but only if you are age 50 or over.

If you have 30 years' pensionable service, you may retire with an immediate pension before age 50.

If you leave the service or opt out of the Scheme with less than 25 years pensionable service your pension will be deferred for payment at age 60 - See 4.10.

If you leave the service or opt out of the Scheme with more than 25 years pensionable service you will be entitled to claim an Ordinary Pension from age 50.

Example 3

Chris's average pensionable pay is £30,000 and his pensionable service is 20 years at ¹/₆₀th each and 5 years at ²/₆₀ths each.

His pension = $\frac{£30,000 \times 30}{60} = £15,000$ a year (index linked after the first year so long as Chris is over 55)

4.7 Short service pension

A short service pension is payable immediately on retirement after completion of at least two but less than 25 years' pensionable service if you retire at what would have been the compulsory retirement age for your rank before the new compulsory retirement ages were introduced on 1 April 2010. It is calculated in a similar way to an ordinary pension.

If you were allowed to postpone your date of retirement beyond the compulsory retirement age for your rank, and you decide to leave voluntarily before you reach your new compulsory retirement date, then if you have at least two but less than 25 years' service you will qualify for a deferred pension payable at age 60. You will not be entitled to a short service pension, which would have been payable if you had completed your extension of service (see Section 4.9 below).

4.8 Pension after part-time work

As mentioned in section 4.4, approved part-time working counts as pensionable service on a pro-rata basis. However, your average pensionable pay is based on the full-time equivalent of what you earn.

Example 4

Daniela is a part-time officer who has worked half-time for the full 30 years, i.e. with 15 years' pensionable service. She can retire with an immediate pension on reaching age 50.

Her average pensionable pay is £30,000.

A full-time officer's pension in these circumstances would be:

$$40/60 \times \text{£}30,000 = \text{£}20,000$$

Daniela's pension, to reflect her part-time service, is the appropriate proportion of this, i.e.:

$$\frac{\text{£}20,000 \times 15}{30} = \text{£}10,000 \text{ per year (index linked after the first year from 55)}$$

4.9 Deferred pension

You are entitled to a deferred pension if you have at least two years and less than 25 years service to count towards qualifying service and you either:

- leave the police, or
- cease to be a member of PPR by opting out of it,

without transferring your PPR rights to another pension scheme.

The deferred pension will be a proportion of your hypothetical pension – i.e. the pension you would have earned by the age of compulsory retirement, subject to the limit of the maximum ordinary pension.

The size of your deferred pension will be the same proportion of your hypothetical pension as your actual pensionable service is of your hypothetical service – i.e. the pensionable service you would have accrued by the time of your compulsory retirement age, subject to a limit of maximum pension.

A deferred pension is usually payable from age 60. However, it can be paid earlier, from age 55, but it will be actuarially reduced to account for the fact that it is being paid earlier and will be paid for longer.

A deferred pension may be paid earlier if you become permanently disabled from performing the ordinary duties of a police officer.

If you leave the Scheme before the age of 50 with 25 or more years of pensionable service you are entitled to claim an Ordinary Pension from age 50 – See 4.6.

Example 5

Ewan, with the rank of constable, leaves PPR after 10 years' service at age 40 with average pensionable pay of £30,000. He could have left at age 55 with an immediate pension, by which time he would have accrued 25 years' service – his hypothetical service – which would have given 30/60ths (as in Example 3 above).

Ewan's officer's hypothetical pension would be:

$$\frac{\pounds 30,000 \times 30}{60} = \pounds 15,000$$

His deferred pension would be:

$$\frac{\pounds 15,000 \times 10}{25} = \pounds 6,000$$

4.10 Refund of contributions on leaving the service

If you leave the police service with less than two years' qualifying service without entitlement to any other PPR award, you can have your pension contributions returned to you, less deduction of tax and a deduction to contract you back in to the State Second Pension (like any leaver with at least 3 months' service you can, alternatively, ask for your PPR benefits to be transferred to another pension scheme - see section 9.2). You should note that a refund of contributions will only be of the contributions that you have paid, but a transfer value will reflect the total value of pension benefits which have been purchased both by your own contributions and those of the Isle of Man Government.

If you leave the service with less than two years' qualifying service, then unless you are permanently disabled as the result of an injury received in the execution of duty your pension award will thus be a lump sum equal to your pension contributions.

5. Benefits for survivors if you die

When you die, your Surviving Adult Dependent who is either your spouse, civil or nominated partner and dependent children may be eligible to receive benefits from PPR 1991. The benefits which may be payable will depend on whether you die in service or after you retire and on the length of your pensionable service at the date of your death. More details are given in this Section.

5.1 Lump sum death grant

If you die while serving, provided you were a member of PPR 1991 at the time of death (and had not opted out), a lump sum death grant of twice annual pensionable pay will be paid to your surviving adult dependent (spouse, civil or nominated partner). If there is no surviving adult dependent it will be paid to your personal representative – usually the executor of your will – and thus form part of your estate. If you work part-time, the lump sum will be twice your annual pensionable pay as a part-timer.

Example 6

Farah's full-time equivalent pay is £30,000 per year, but she serves 2/3 time and so her annual pensionable pay is £20,000 per year.

If she were to die in service whilst she is a member of PPR, the lump sum death grant payable in respect of her death would be £40,000.

This grant is irrespective of your length of service.

5.2 Death gratuity

If you die as a result of an injury on duty or die within 12 months of receiving an injury on duty as a result of that injury, your Surviving Adult Dependent (spouse or civil or nominated partner) or child or dependent relative, may be entitled to a gratuity under the Police (Injury Benefit) Regulations 2010. This does not form part of the pension scheme.

5.3 Gratuity - estate

If, when you die, the various awards payable under PPR (excluding the lump sum death grant) are less than your total pension contributions, an extra award equal to the balance of those contributions will be paid to your estate.

5.4 Surviving Adult Dependent Awards

Upon the death of an officer or retired officer, pensions are paid to their surviving adult dependents named under the scheme as your spouse, civil or nominated partner. For the purpose of this guide, we are calling this group Surviving Adult Dependents.

See 5.4.4. to find out how you could nominate your partner to receive a survivors pension.

5.4.1 Surviving Adult Dependent Ordinary Pension

If an officer dies in service, or after retirement while receiving a PPR 1991 pension, the surviving adult will normally be entitled to an ordinary pension if the officer had at least three years' pensionable service.

5.4.2 Surviving Adults Accrued Pension

If an officer retired with entitlement to a deferred pension, his surviving adult would be entitled to an accrued pension of half of the officer's deferred pension.

5.4.3 Surviving Adults Pension: increase for the first 13 weeks

For the first 13 weeks after death pension will be increased so that, together with any child allowances payable, it will equal the deceased officer's pensionable pay (and rent or housing allowance, if any) for the week before he or she died (if he or she died in service) or the weekly amount of his or her pension (if he or she died while receiving a PPR 1991 pension). An accrued pension cannot be increased, however, if the deferred pension was not in payment.

Surviving Adult Dependent pensions are paid for the life of the beneficiary and will not cease if that person co-habits with a new partner, remarries or forms a new civil partnership.

5.4.4 Survivor's Pensions for Partners

As mentioned above, upon your death a survivor's pension may be payable to your partner when you die. At the time of your death, you must be unmarried or not in a civil partnership and living with your partner. Payment of a survivor pension is not automatic and subject to certain criteria, your partner may be able to make a claim to receive a survivor pension. More information can be found in the Police Regulations Pensions for Partners Guide which is available on the Police pages of the PSPA website at www.pspa.im

5.5 Children's pensions

If you die in service or when you are receiving a PPR pension, or after you have left the police service with an entitlement to receive a deferred PPR pension, children's pensions will be payable to your legitimate or adopted children, but not to the children (including step-children) of a marriage which took place in retirement, nor to children adopted in retirement. The same awards are payable to your children regardless of whether you are a male or female officer. Whether your children meet the conditions for an award also depends on their age. If they are aged 16 or over, a pension is not payable unless they are in full-time education or training, or substantially dependent on you at the time of death. The definition can include: stepchildren, adopted and illegitimate children. If you die after leaving PPR the children must have been substantially dependent on you both at the time your service ended and at your death.

Any children's pensions which become payable on or after 1 April 2006 will cease at age 23, unless the child is dependent on you by reason of disability at the date of your death.

More details of whether your children would be eligible for an award are given in the tables at the end of this section. The types of award are considered below.

5.5.1 Child's ordinary allowance

A child's ordinary allowance is generally 18.75% of your ordinary, short service or ill-health pension (if such a pension was payable) or otherwise your notional ill-health pension (see Section 6.2). Where more than two child allowances are payable, they cannot exceed 37.5% of the pension. Where the child is an orphan, the amounts are increased to 25% and 50% respectively.

5.5.2 Child's accrued allowance

A child's accrued allowance is generally 18.75% of your deferred pension, irrespective of whether or not the deferred pension was in payment. Where more than two child allowances are payable they cannot exceed 37.5% of the pension. Where the child is an orphan the amounts are increased to 25% and 50% respectively.

5.5.3 Child's pension: increase for the first 13 weeks

If, after your death, there is no widow's, widower's or surviving civil partner's pension payable a child's pension is increased for the first 13 weeks so that it will equal your pensionable pay (and your rent or housing allowance, if any) for the week before you die (if you die in service), or the weekly amount of your pension (if you die while in

receipt of a pension). Your child's accrued pension will not be increased, however, if you have a deferred pension which is not in payment at the time of your death.

5.5.4 Child's pension: summary of who qualifies

Child's relationship to you	Specific conditions
Child of your marriage	Your marriage must have taken place before your retirement.
Stepchild	You must have married the child's parent before retirement and the child must be substantially dependent on you when you die.
Adopted child	Child must have been adopted before retirement.
Any other child who is related to you or is a child of your spouse	Child must have been substantially dependent on you both at the time of your retirement and death.

Child's age	Circumstances in which a child's allowance may be paid
Under 16	In all cases
16 and under 17	In all cases, except where a child is in full-time employment (unless full-time vocational training).
Over 17 and under 19	Child is: <ul style="list-style-type: none"> • in full-time education, or • in full-time vocational training, or • permanently disabled, and <ul style="list-style-type: none"> ➤ substantially dependent on relevant parent, when latter died, or ➤ became permanently disabled while receiving a child allowance, or ➤ the PSPA determine that an allowance should be paid.

Child's age	Circumstances in which a child's allowance may be paid
19 or over	Child is: <ul style="list-style-type: none"> • in full-time education, or • in full-time vocational training, and has been continuously since before 19th birthday, or the police authority waive the need for complete continuity, or <ul style="list-style-type: none"> ➤ permanently disabled, and ➤ substantially dependent on relevant parent, when latter died, or ➤ became permanently disabled while receiving a child allowance, or ➤ the PSPA determine that an allowance should be paid.

Note: The allowance of a child in full-time vocational training may be reduced depending on the amount of any income related to that training.

6. Medical retirement and pensions paid on grounds of ill-health

The arrangements for ill-health retirement in PPR are complex and the following can only be a general guide. There is a set order of procedure and before any decision can be made the Department of Home Affairs must put specific questions to a medical practitioner selected by them (the 'selected medical practitioner') to determine whether you are permanently disabled for 'the performance of the ordinary duties of a member of the police force'. The selected medical practitioner will consider such issues as your ability to:

- run, walk reasonable distances, and stand for reasonable periods;
- exercise reasonable physical force in restraint and retention in custody;
- sit for reasonable periods, to write, read, use the telephone and to use (or learn to use) IT;
- make decisions and report situations to others;
- evaluate information and to record details;
- understand, retain and explain facts and procedures.

In judging whether your illness is permanent it will be assumed that you are receiving appropriate medical treatment for it. This does not include treatment that it would be reasonable for you to refuse.

The doctor's judgement will be based on a medical examination (unless there are very exceptional circumstances).

Even if you are assessed as permanently disabled for the performance of the ordinary duties of a member of the police force, it does not automatically mean that you will be retired on ill-health grounds. The Department will consider your specific disabilities and overall capabilities to see whether there are alternative duties which you could undertake whilst remaining a police officer.

6.1 Referral to a medical practitioner

When considering whether to retire you on grounds of ill-health, the Department must follow set procedures and will take all relevant information into account. As part of this process, the Department must refer the following questions to the selected medical practitioner:

- (a) whether you are disabled; and if so
- (b) whether your disablement is likely to be permanent.

The questions put to the selected medical practitioner are answered in the form of a report to the Department, which the Department will take into account in reaching their decision. You will be given a copy of the report.

6.2 Ill-health pension

If you are found by the selected medical practitioner to be permanently disabled for the ordinary duties of a member of the Isle of Man Constabulary, and there are no suitable alternative duties that you could undertake within the police force (taking account of both your disability and capabilities), the Department will decide whether to retire you on those grounds.

If they decide to retire you, you will be entitled to an immediate ill-health pension and lump sum:

- if you have at least two years' pensionable service and your retirement is on the grounds of permanent disablement, or
- after any length of service if your retirement is on the grounds of permanent disablement resulting from an injury on duty.

An ill-health pension is calculated in a similar way to an ordinary pension and is then normally enhanced to compensate for the lost opportunity of serving until normal retirement. The enhancements applied are shown in the table below.

The maximum ill-health pension is $\frac{40}{60}$ ths and all enhancement is subject to the condition that pensionable service does not exceed what could have been completed by the age of compulsory retirement. In the case of permanent disablement due to an injury on duty, there is a minimum of a year's award (i.e. $\frac{1}{60}$).

Pensionable Service	Ill-health pension
2 to less than 5 years	$\frac{1}{60}$ per year (no enhancement)
5 to 10 years	$\frac{2}{60}$ per year
10 to 13 years	$\frac{20}{60}$
More than 13 years	$\frac{7}{60}$, plus $\frac{1}{60}$ for each year up to 20 years' pensionable service $\frac{2}{60}$ for each year

	over 20 years' pensionable service
--	------------------------------------

6.3 Ill-health gratuity

An ill-health gratuity is payable if you have less than two years' pensionable service and are required to retire on grounds of permanent disablement, which was not caused by an injury on duty. The amount of the gratuity will be equal to your total pension contributions.

6.4 Review of permanent disablement

If you are medically retired the Department may, at their discretion and up to the point at which you would have had 25 years' pensionable service or reached compulsory retirement age, consider whether your disability has ceased – in line with set procedures and taking into account a report from a selected medical practitioner.

Where the selected medical practitioner decides that your disablement has ceased, the Department may offer you an opportunity to re-join the police force, at the rank previously held. In these circumstances, whether or not you re-join the force, the authority will terminate the ill-health pension. If you decline to re-join, your pension will revert to a deferred pension and not come back into payment until you are 60.

Once you have reached the age at which you could have retired, your ill-health pension cannot be cancelled.

6.5 Reduction of ill-health award due to your default

Your ill-health award may be reduced by up to a half if you substantially contributed to your permanent disablement by your own default.

6.6 Injury award If, as a result of an injury on duty, you are permanently disabled from performing the ordinary duties of a member of the Constabulary and you have left the service, you will receive an injury award under the Police (Injury Benefit) Regulations 2010¹. This does not form part of the pension scheme.

7. Commutation and allocation of your pension

7.1 Commutation

In PPR you can exchange ('commute') part of your pension permanently, in exchange for a lump sum. The lump sum is tax-free and is calculated using the factors in table 1 set out at the end of this Section.

If you wish to commute, you must give notice to the PSPA before your date of retirement or if your pension does not come into payment on retirement, before the pension comes into payment.

The amount of lump sum that is paid is dependent on the pension paid and the age at which it is paid to you.

You may commute up to a quarter of your pension if you receive:

- an Ordinary Pension after not less than 30 years' pensionable service;
- an Ordinary Pension paid on your voluntary or compulsory retirement age;
- a short service pension;
- an ill-health pension; or
- a deferred pension on coming into payment at age 60 (or earlier from age 55 on actuarial reduced grounds).

In all other cases, you may commute an ordinary pension of at least 25 but less than 30 years' pensionable service to give a maximum lump sum of no more than 2 ¼ times your gross annual pension – i.e. before any reductions.

7.2 Allocation

Provided you are in good health (which the PSPA may require you to confirm by attending a medical examination which you will have to pay for) you may be able to give up part of your pension to provide benefits for another individual who is dependent on you (either financially or by reason of disability). Allocation is a means to provide additional pension benefit to a spouse or child who is dependent upon you, or to provide some pension benefit to another person who is dependent upon you but would not otherwise receive any benefit from PPR, such as a disabled brother or sister.

Not more than a third of your pension in total may be used for any combination of allocation and commutation.

Allocation in PPR is currently under review. If you are thinking of making an allocation you should check with the PSPA about the current position. The review will not affect existing allocations.

**Commutation
Table 1**

The factor used will depend upon your age in terms of completed years and months on the day **before** your pension commences (so a member retiring on the day before a birthday would automatically enjoy the higher factor relating to the previous whole month of age).

Years and Months	Age in years and completed months on day pension commences											
	0	1	2	3	4	5	6	7	8	9	10	11
Below 48	23.10											
48	23.10	23.10	23.10	23.10	23.10	23.10	23.10	23.08	23.07	23.05	23.03	23.02
49	23.00	22.98	22.95	22.93	22.90	22.88	22.85	22.83	22.80	22.78	22.75	22.73
50	22.70	22.68	22.65	22.63	22.60	22.58	22.55	22.53	22.50	22.48	22.45	22.43
51	22.40	22.38	22.35	22.33	22.30	22.28	22.25	22.23	22.20	22.18	22.15	22.13
52	22.10	22.08	22.05	22.03	22.00	21.98	21.95	21.93	21.90	21.88	21.85	21.83
53	21.80	21.77	21.73	21.70	21.67	21.63	21.60	21.57	21.53	21.50	21.47	21.43
54	21.40	21.37	21.33	21.30	21.27	21.23	21.20	21.17	21.13	21.10	21.07	21.03
55	21.00	20.97	20.93	20.90	20.87	20.83	20.80	20.77	20.73	20.70	20.67	20.63
56	20.60	20.57	20.53	20.50	20.47	20.43	20.40	20.37	20.33	20.30	20.27	20.23
57	20.20	20.16	20.12	20.08	20.03	19.99	19.95	19.91	19.87	19.83	19.78	19.74
58	19.70	19.67	19.63	19.60	19.57	19.53	19.50	19.47	19.43	19.40	19.37	19.33
59	19.30	19.27	19.23	19.20	19.17	19.13	19.10	19.07	19.03	19.00	18.97	18.93
60	18.90	18.87	18.83	18.80	18.77	18.73	18.70	18.67	18.63	18.60	18.57	18.53
61	18.50	18.46	18.42	18.38	18.33	18.29	18.25	18.21	18.17	18.13	18.08	18.04
62	18.00	17.96	17.92	17.88	17.83	17.79	17.75	17.71	17.67	17.63	17.58	17.54
63	17.50	17.47	17.43	17.40	17.37	17.33	17.30	17.27	17.23	17.20	17.17	17.13
64	17.10	17.06	17.02	16.98	16.93	16.89	16.85	16.81	16.77	16.73	16.68	16.64
65	16.60											

Application of the new factors is in terms of completed years and months on the day pension commences. For instance, an officer retiring on her 54th birthday (i.e. whose last day of service is the day before her 54th birthday) will qualify for the factor applicable to the age of 54 years 0 months (21.40) and an officer retiring the day before that birthday (i.e. whose last day of service is two days before her birthday) will qualify for the higher factor relating to the previous whole month of age, i.e. 53 years 11 months (21.43). There is no need to retire at least one day before, say, one's 54th birthday in order to avoid the factor for 54 years 1 month.

The maximum commutation lump sum payable to an officer who retired with an Ordinary pension based on less than 30 years pensionable service before his or her compulsory retirement age is 2¼ times the annual pension before commutation. So an officer who received this maximum cannot receive any additional payment by way of a lump sum. The extra amount to which an officer is entitled as a result of the new

factors must, to the extent that it would cause the 2¼ maximum to be exceeded, be paid as additional annual pension instead.

8. Increasing your benefits

You may choose to increase your pension provision, particularly if you are unable to build up 30 years' pensionable service before your intended retirement age. You have the option to purchase increased benefits in PPR through 'added years' or to pay additional contributions to the PPR Additional Voluntary Contribution (AVC) scheme to buy additional benefits for yourself and/or your spouse through Prudential or Aviva.

You are also free to take out an entirely separate personal pension plan at the same time as you contribute to PPR.

You are strongly recommended to seek independent financial advice before taking any action. Your pensions administrator is not empowered to give financial advice to you.

The Scheme has overall limits on pension contributions which are tax-deductible, but these are very generous. The current position is that, unless you are a very high earner you are normally able to pay up to the whole of your taxable earnings in a tax year in pension contributions and have the whole amount allowable against tax – although there may be limitations in any year in which your PPR benefit entitlement has increased substantially (for example, if you have been promoted or have taken up a more senior appointment).

8.1 Purchase of increased benefits through 'added years'

If you do not qualify for a maximum pension because you are unable to complete 30 years' pensionable service by the age of compulsory retirement, you may be able to purchase extra service to increase your PPR benefits on retirement. This will be more expensive than the normal contribution rate because your employer, which pays towards your basic PPR benefits, does not contribute to added years purchases. You will have to pay the full cost of the additional benefits, currently assessed as 37.1% of salary.

Accrued service in PPR, plus increased benefits purchased within the scheme, cannot exceed 40/60ths. You cannot purchase added years to cover career breaks if, on your return, you are able to accrue 30 years' service by age 55.

The purchase of 'added years' normally entails a long-term commitment to pay contributions until you retire or leave PPR. Your contributions for increased benefits are calculated as a percentage of your pay and, accordingly, increase every time your pay increases as do the benefits provided by the purchase. Your contributions for increased benefits will be deducted from pay before tax.

If you decide to purchase 'added years' within 12 months of joining or re-joining the force you have the choice of paying additional contributions by deduction from pay or by making a lump sum payment. The option to pay regular contributions can be taken up at any time while there are at least two years between the next birthday and compulsory retirement age. If you pay by lump sum, you will only obtain tax relief up to the total of your taxable earnings in the tax year.

If you serve part-time you have a choice of purchasing 'added years' on either a full-time basis or a part-time basis (which will cost less as a percentage of your pay but will buy you less additional service). The PSPA will be able to give you more details. You cannot buy added years if you could build up 30 years' service by compulsory retirement age assuming full-time service throughout the rest of your career.

Any increased benefits you purchase will count when determining the level of your PPR pension, whether payable to you or your survivors, but they will not enable you to qualify for any type of award or enhancement to which you would not otherwise be entitled.

If you retire before your planned date of retirement, or cease to serve with a deferred pension or with a transfer value, you will be credited with an appropriate proportion of the increased benefits that you were purchasing.

If you die or retire on ill-health grounds and have bought or are buying added years by lump sum or periodical contributions, which have been continuous, you will be credited with the total added years you elected to buy.

The PSPA will be able to give you more details and estimated costs of buying "added years".

8.2 PPR Additional Voluntary Contributions (AVC) scheme

You have the option to contribute to a pension investment plan for yourself or for your dependants, and/or to provide you with additional life cover for the benefit of your dependants, by making Additional Voluntary Contributions (AVCs) through Aviva or Prudential. AVCs are deducted from pay before tax.

You can ask the PSPA for a copy and for basic information about AVCs and life cover, but the PSPA cannot provide you with pensions advice. Before you enter into any AVC arrangement, it is essential that you consider your financial position carefully and obtain independent financial advice if necessary.

8.2.1 Money purchase AVCs

With a money purchase AVC, your AVCs build up in an individual fund with Prudential or Aviva. You can choose how much to pay (within certain limits) and you can amend or suspend your contributions at any time. You have a wide choice for the investment of your AVCs and you can change the method of your investment. At retirement, your AVC fund is converted to pension through the purchase of an annuity – i.e. a pension for life. You can also take up to 25% of your AVC fund as a lump sum.

When you retire, Aviva or Prudential will ask you whether you want to purchase an annuity for yourself alone or if you want to elect to set aside some of your pension for the benefit of your spouse or other dependants. You may also be able to choose whether, or to what extent, you can protect the pension(s) from the effects of inflation.

You will not benefit from AVCs before retirement. If you die before retirement, your AVCs cannot be used to provide a pension but the AVC fund will be paid to the PSPA as administrators of the PPR. At their discretion, the fund will be paid to your surviving spouse or civil partner or, in the absence of such a person, to your estate.

8.2.2 Additional life cover

You may also elect to pay death benefit contributions to provide life cover above the level of that provided by the PPR for death in service other than death as a result of an injury on duty. The scheme currently allows death benefit payments of up to four times final remuneration. PPR already provides for twice annual pensionable pay, so this leaves scope for members to increase death benefit to up to 4 times annual gross earnings.

The cost of the life cover will depend on your age and the amount of cover that you wish to have. You can ask for Aviva or Prudential's current rates either direct or through your pensions administrators.

You can stop paying your death benefit contributions at any time, in which case your cover will cease. As with any insurance, you will not receive a refund of the contributions already made.

9. Transferring benefits into the scheme and leaving the scheme

9.1 Inward transfer of pension rights to PPR

You can transfer in any previous police service into the PPR 1991 for which you have paid pension contributions on. If you were awarded a deferred pension from a previous job, it may be possible for this to be cancelled in favour of a transfer of pension rights, and your previous employer should tell you the amount of your pension and whether it is subject to any increases.

If you apply for a transfer of pension rights, you will be informed of the amount of service credit available in PPR 1991 (i.e. the number of years of pensionable service in PPR that the transfer value will buy), so that you can decide whether to proceed with the transfer or opt to retain the alternative benefits available from your previous scheme.

A transfer of pension rights from another pension scheme (including another police pension scheme) might not result in the same length of pensionable service in PPR 1991. A transfer of pension rights from a private sector pension arrangement might result in only a small amount of service credit compared to the length of your previous employment, if the benefit structure of the private sector scheme is less generous than PPR.

9.2 Outward transfer of your PPR pension rights

If you leave or opt out of PPR before pension age, you have a choice of options for your benefits. Your choice will generally depend on whether you are in the first three months of your police service and, if not, whether you have two or more years' qualifying service.

If your police service plus any linked qualifying service (i.e. qualifying service brought across from another pension scheme through a transfer value) amounts to less than three months, then your contributions will be refunded.

If your police service plus any linked qualifying service amounts to three months or more, but your total qualifying service is less than two years, your choice is:

- a transfer out of your PPR pension rights to a new employers pension scheme, or
- a refund of your contributions.

If you have two or more years' qualifying service (or if you transferred pension rights into the PPR from a personal pension scheme) your choice is:

- a transfer out of your PPR pension rights to a new employers pension scheme, or
- retaining deferred benefits within PPR.

You may transfer your PPR rights to:

- another public sector pension scheme, or
- any other registered occupational pension scheme, or
- a qualifying recognised overseas pension scheme (if you are resident in the county the scheme is registered in).

If you are opting out of PPR while staying in the police then you will not be permitted to transfer out.

Transfers to personal pension arrangements such as Self Invested Personal Pensions (SIPP) are not permitted.

The transfer payment will be in the form of a transfer value.

Example 7

George leaves the police service at age 50 to move to the private sector. He has 15 years' pensionable service in PPR and is informed by his new employer that he will be able to transfer this to his new employer's pension scheme. He knows that if he takes no action, he will be entitled to a police pension of 15/60 of his final salary, and an associated lump sum, when he is 60, which will be increased for inflation from the time at which he leaves the police service to his 60th birthday. The PSPA, on request, will calculate the cash equivalent transfer value of his police pension rights and provide this information to his new employer. His new employer will be able to tell him what pension benefits this will buy in their pension scheme. George is then free to choose whether or not to transfer his police pension rights. This will be his own decision and the PSPA cannot advise him as to what he should do. To transfer his police pension rights, he must give written notice to the police authority.

There are a number of issues to consider before making a transfer:

- you must apply for a transfer payment within six months of leaving the police service or opting out of PPR (this is extended to twelve months for transfers to a public sector scheme) – these time limits may be extended by the PSPA at their discretion
- you are not entitled to a deferred pension from PPR if you received a refund of contributions - a transfer will be possible only if you repay the refund first
- you will not be able to have a transfer if you are within a year of reaching the age of 60

- the transfer value may not necessarily buy the same length of service in the new scheme - an estimate from the new scheme should provide an indication
- the range and type of benefits offered by another scheme may be quite different from those offered by PPR

The PSPA can provide an example of a transfer value calculation and more information about how PPR arrangements work, but cannot give specific advice on individual cases.

9.3 Opting out

You can opt out of PPR 1991 at any time. You will need to complete and return an option form available from the PSPA website or your employer. If you opt out in the first three months of your police service, your decision is back-dated to the date of your becoming a regular police officer. If you decide to leave PPR 1991 at any other future date, your decision will take effect from your next pay day after receipt of your notice to opt out.

Opting out of PPR will have a number of consequences, including:

- if you build up two years or more pensionable service in PPR and then opt out, you will be entitled only to a deferred pension, which would generally only be payable from age 60
- if you die in service when you have opted out of PPR, no lump sum death grant is payable
- as someone who is not an active member of PPR you will not be eligible for an ill-health pension if you are medically retired, although you will qualify for early payment of your deferred pension if you are assessed as permanently disabled for all regular employment
- opting out will affect the benefits which are payable to your survivors
- you cannot rejoin the PPR 1991, only PPR 2010.

If you opt out of PPR with less than two years' qualifying service, your pension contributions will be refunded when you leave the service or reach your compulsory retirement age.

If you are thinking of opting out of PPR, you are strongly recommended to take independent financial advice before you make a decision.

9.4 Opportunities to re-join at a later date

If you opt out of PPR on or after 1 April 2010, you cannot re-join PPR. You can only join PPR 2010. You may need to undergo a medical examination at your expense to determine whether you will be eligible for ill-health benefits.

10. Re-engagement after retirement

If you leave the police service but then return to service as a regular police officer at a later date, the PPR regulations can affect you in a number of ways.

10.1 Resumption of police service before usual pension age

In general, if you resume police service having previously left the police either with a deferred pension (generally payable at age 60) or with an ill-health pension and you did not transfer your PPR benefits to another pension scheme, your deferred pension will be cancelled and your previous pensionable service will be added to your second period of service towards one pension. You will not need to make any payments to reinstate your previous service for pensionable purposes. Depending on your circumstances, you might only be able to join PPR 2010.

However, if you resume police service after having received a refund of your previous pension contributions, the refund would have to be repaid in order that your previous pensionable service can be restored. **You need to notify the PSPA of your wish to repay such a refund within six months of joining or re-joining the force (or before you cease to serve, if sooner), unless they allow a later notification.**

10.2 Resumption of police service after receipt of a pension

At present it is relatively unusual for a retired police officer to serve again as a regular police officer, except where an officer retires with an ordinary pension prior to taking up an appointment as an inspector or assistant inspector of constabulary (apart from the 30+ Scheme, considered below). If you are re-engaged after 1 April 2010 after having retired, you may join the PPR 2010 if your total pensionable service is less than 30 years and this will build up benefits for a second police pension for you, although you will not be able to accrue a total across both schemes of more than the equivalent of 30 years pensionable service in PPR.

10.3 Abatement of pension

If you are a PPR pensioner resuming service as a regular police officer, you should note that your pension payments in whole or part, may be withdrawn during any period in which you serve in any force as a regular police officer (your pension entitlement on final retirement would not be affected). This is known as abatement.

The regulations state that abatement should entail withdrawing so much of your PPR pension such that the total of pension and pay on re-joining does not exceed the rate of pay before retirement. If your current pay at least equals your previous pay, your

pension is likely to be wholly withdrawn during the second period of your service, but you will be able to retain your lump sum and your new salary will not be affected.

Abatement of a PPR pension may be applied if you are in receipt of a PPR pension in your own right, but not if you receive an adult survivor's pension or have been allocated a pension. Pension credit benefits under pension sharing on divorce cannot be abated.

10.4 Inter-service abatement

There is no provision for abating your PPR pension if you take a job outside the police service, but your salary may be subject to 'inter-service abatement'. This applies only in the public sector where the new appointment is limited to people with either general or particular public service experience, or where there has been no general advertisement of the post and no formal competition for appointment.

Further details about inter-service abatement are available from the PSPA .

11. Divorce and dissolution of civil partnerships

If you get divorced, there are two important points that you should note:

- your ex-spouse will no longer be entitled to any survivor pension, should you predecease him/her, but
- childrens pensions will continue to be payable to any eligible children in the event of your death.

The cost of complying with any Court order imposing obligations on PPR will be recovered directly from you. Further information on the current charges can be sought from the PSPA.

You should also note that in the event of a financial claim in proceedings for divorce, judicial separation or nullity of marriage, the PSPA are required, if requested, to provide a statement of the cash equivalent transfer value of your pension rights from the police authority to enable the Court to take into account the pension entitlement in the settlement of financial claims.

The Court may offset the value of your pension rights against any other assets or in divorce or nullity proceedings it may issue a pension sharing order. In financial claims arising from proceedings for nullity, judicial separation or divorce a Court may make an earmarking order against your pension.

If the Court issues an earmarking order, the order may require that when your benefits come into payment your ex-spouse should receive one of, or a combination of, the following benefits:

- all or part of your pension.
- all or part of your lump sum.
- all or part of your death grant paid in the event of your death in service.

An earmarking order against pension payments (but not lump sums unless the order so directs) will lapse automatically on the remarriage of your ex-spouse, and your full pension will be restored to you. Pension payments to your ex-spouse cease on your death.

If the Court issues a pension sharing order, a percentage of your pension rights will be allocated to your ex-spouse at the effective date of the order, or the decree absolute if later. Your pension, your lump sum and survivors' benefits will be reduced. Your ex-spouse will hold pension credit benefits in PPR in his/her own right which will become payable when he/she is 60. The reduction to your pension is called a pension debit.

The dissolution of civil partnerships gives rise to the same position as divorce.

12. Payment of awards

12.1 General arrangements

PPR pensions and lump sums are paid by the Payroll Division of the Cabinet Office. Lump sums are normally paid direct into your bank account on the first working Friday within 2 weeks after your retirement date. Pensions are payable on the first of the month, in advance, at monthly intervals by credit transfer to a bank or building society account.

Survivors' first benefit payments are made as soon as possible after a member's death (time is needed to make contact with the survivor and establish entitlement). Subsequent payments to beneficiaries are usually made monthly.

Pensions and lump sums are paid to the person entitled to them (the 'beneficiary'), unless this person is under 18 or incapable of managing his/her financial affairs. In such cases the payment may be made to the relative or guardian who is caring for the beneficiary although some police authorities adopt a policy of paying children's pensions directly to a child's own bank or building society account.

If your pension payments (for all your pensions excluding State Pension) are very small and you are aged between 60 and 74, you may ask for the whole of the remaining PPR pension payments to be paid to you as a lump sum. This is called 'trivial commutation' in Income Tax terminology. Only 30% of this lump sum will be tax free and the remainder will be treated as your taxable income in the year that you receive it. If your pension is very small the Treasury may decide to pay it annually, if you have not asked for it to be paid as a lump sum.

Your PPR pension can only be paid to you.

12.2 Income Tax

All PPR pensions are treated as earned income for tax purposes, and tax is deducted before instalments of pension are paid.

Your commuted lump sum is tax free, as is the lump sum death grant for your survivors.

Any refunds of contributions are subject to deduction of tax, and also a deduction to contract you back into the State Second Pension.

12.3 State Pension benefits

State Pension is the pension payable from the State. The age at which the State Pension will start depends on when you were born.

Once you reach State Pension age, the basic State Pension will become payable to you, provided you have paid sufficient National Insurance contributions, in addition to your PPR pension. You can obtain a State Pension forecast at any time prior to four months before you reach State pension age by completing Form RP1, which is available from the Social Security Division of the Treasury at:

Social Security Division
The Treasury
Markwell House
Market Street
Douglas
Isle of Man

If you joined the regular police between 1 July 1948 and 31 March 1980 your police pension will be reduced when you reach state pensionable age, by £1.70 a year for service prior to 1 April 1980. The reduction will be applied to your original pension before any increases are applied. If you joined the police on or after 1 April 1980 your police pension will not be reduced in this way.

Members of PPR do not participate fully in the State Pension arrangements. Instead, PPR takes on the responsibility for paying part of the pension that would otherwise have been paid by the State and you pay a lower rate of National Insurance contributions. This is known as being 'contracted-out'. You will not receive any State Second Pension in respect of the time in which you were a member of PPR (the State Second Pension replaced the State Earnings Related Pension Scheme (SERPS) from 6 April 2002).

Your police pension is guaranteed never to be smaller than the amount you have given up from the State. It will usually be very much greater.

12.3.1 State Pension and Guaranteed Minimum Pension

Since 6 April 1978, the State Retirement Pension has consisted of two parts, namely the basic State Pension and the State Second Pension (formerly SERPS). The State Second Pension is an additional amount based on the increased National Insurance contributions a person has paid since 6 April 1978. The benefits are a pension paid at State Pension age, with some cover for widows, widowers and civil partners.

In April 1978, PPR contracted-out of SERPS on the basis of the Guaranteed Minimum Pension (GMP). The GMP applies only to service since 6 April 1978 and before 6 April 1997. It is the minimum pension that the PPR undertook to provide in order to contract-out of SERPS. It is guaranteed to be at least as much as the pension you would have built up in SERPS during your service before 6 April 1997.

12.4 Pensions increase with inflation

Pensions in payment are increased annually in line with UK inflation. These increases are paid to all pensioners aged 55 or over and ensure that the benefit maintains its original buying power. Deferred pensions are also increased to maintain their value up to the date they become payable.

Inflation increases will also be paid:

- to you before you reach the age of 55 if you retired on grounds of ill-health or injury, or
- are totally disabled from any occupation and therefore unable to earn a living; and
- to your survivors who are in receipt of survivor benefits.

When the pension increase becomes payable it will take account of the movement in the UK Consumer Prices Index (CPI) since the date of your retirement. Subsequent increases take place in April of each year and are based on the rise in RPI in the 12 months up to the end of the previous September.

Survivors' pensions attract the pension increase as soon as they come into payment.

A deferred pension coming into payment at age 60 will attract the pensions increase but if it is paid before age 55 due to permanent disablement it will not be increased until age 55 unless you are disabled from regular full-time work of any kind.

The pensions increase is applied to the PPR pension irrespective of your country of residence after your retirement, although increases to your State Pension and any Guaranteed Minimum Pension element in your police pension may be affected if you live outside Great Britain.

Example 8

Hasan retires in mid-October with an annual pension of £10,500. The following April, the cost of living increase of 3.5% is applied.

As Hasan retired exactly half way through the relevant 12-month period, the pension is increased proportionately (i.e., by one half of the total increase, 1.75%).

During the second year, the cost of living increase is determined as 4.2%.

Initial annual pension £10,500.00

Increase Year 1	1.75%	<u>£183.75</u>	
			£10,683.75
Increase Year 2	4.2%	<u>£448.72</u>	
			£11,132.47

12.4.1 Increase applied to GMP

Once you reach State pension age the State is responsible for paying the appropriate pension increase on the GMP. To ensure that you do not receive a double payment, your pension is reduced by an amount equal to the increase paid by the State. For service from 6 April 1978 to 5 April 1988 the State pays the increase in full, but for service from 6 April 1988 to 5 April 1997 the police authority pays the first 3% of the increase and the balance is paid by the State.

13. Miscellaneous

13.1 Forfeiture of pension

(a) Any recipient of a pension may have their entitlement to that pension forfeited either permanently or temporarily and in whole or in part by the Department of Home Affairs if they are convicted of:

- an offence of treason;
- one or more offences under the Official Secrets Acts for which you have been sentenced on the same occasion to at least 10 years' imprisonment; or

(b) Any member of a police force entitled to a pension may their entitlement to that pension forfeited either permanently or temporarily and in whole or in part by the Department of Home Affairs if:

(i) they are convicted of an offence committed in connection with their police service; and

(ii) which is certified by the Department of Home Affairs either to have either been:

- gravely injurious to the interests of the State; or
- to be liable to lead to a serious loss of confidence in the public service.

The High Court of Justice of the Isle of Man on appeal by the recipient/member can review a decision on forfeiture and restore some or all of the pension to the pensioner or someone receiving an award in respect of the pensioner.

13.2 Declaration of Entitlement

The PPR 1991 regularly require any person who is receiving a pension benefit from the PPR 1991 to provide evidence to establish the person's identity and that person's continued entitlement to the pension.

If such evidence is not provided, the PSPA may withhold all or part of any benefits being paid until identity and or entitlement to benefits has been established.

13.3 Overpayment of pension

If, for any reason a pension or lump sum is over or underpaid the PSPA will take steps to rectify the position. The PSPA will always seek to recover any overpayment of benefits.

13.4 Assignment of benefits

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlements under PPR (other than by allocation of part of your pension). There can therefore be no legal claim against you for assignment.

13.5 Loss of benefits

If you become bankrupt, the payment of your pension will be subject to the Bankruptcy Acts.

13.6 Scheme amendments

The arrangements for PPR are set out primarily in the Police Pensions Regulations 1991 (as amended by the Police Pensions (Old Scheme) (Amendment) Regulations 2010 and the Police Pension (Amendment) Regulations 2017), section 6(1)c and 7(4) of the Public Sector Pensions Act 2011. The Regulations may be amended from time to time by the PSPA to keep the Island's pensions legislation up to date with equivalent legislation in the UK. Such amendments are subject to the approval of Tynwald. The PSPA has an up-to-date list of amendments.

13.7 Income Tax limits

PPR is a 'registered pension scheme' for tax purposes. As a result there are a number of tax concessions.

- contributions are deducted from your pay before tax is calculated.
- your lump sum is free of tax, as is the lump sum death grant for your survivors.

However, you should also note the following:

- pension contributions eligible for tax relief cannot exceed your total taxable earnings in any tax year.
- there are limits on the benefits that you can take at retirement without incurring an additional tax charge, but you are unlikely to be affected by these unless you are in a very senior post or you have very large pension benefits in addition to your PPR entitlements.

If you think you may be affected by these limits you should contact Income Tax Division, Treasury who will be able to give you further details.

14. Appeals and complaints

14.1 General

There is a range of appeals procedures within PPR and some of these are complex. In the first instance, if you have any appeal or complaint, you should approach the PSPA who will also be able to explain the various procedures and the courses of action which are open to you.

In general, you should try to resolve a problem with PSPA in the first instance. A copy of the PSPA complaints procedure is available from the website at www.pspa.im. If you fail to reach a satisfactory resolution, you may then wish to consider some of the other avenues which are explained below. Note, however, that the time limit for approaching the courts (see section 14.3) runs from the date of the decision which is the subject of the appeal and is not extended to take account of attempts at resolution with the PSPA.

If you are a serving officer, you can contact your staff association for advice. If you are a retired officer who is unsure of where to turn to for advice in a dispute, you may wish to contact the National Association of Retired Police Officers (NARPO), NARPO House, 38 Bond Street, Wakefield, West Yorkshire, WF1 2QP – they may also have a local branch at your force.

Specified procedures are laid down in the PPR Regulations for appeals against medical decisions (section 14.2). Other appeals are likely to involve appeal to the High Court (section 14.3) or to a tribunal (section 14.4).

14.2 Medical appeals

If you are dissatisfied with a decision by a medical practitioner selected by the Department, you may appeal against it. You must give notice of your appeal within 28 days of receiving a copy of the medical practitioner's report.

If the report relates to your eligibility for awards payable on grounds of permanent disablement, you must support your appeal by a report from your own doctor which disagrees with that of the selected medical practitioner. The selected medical practitioner will be asked to reconsider his or her report. If this does not resolve the matter, a third registered medical practitioner will be asked to give an opinion which, if it disagrees with the selected medical practitioner, will be final.

If the report relates to permanent disablement, you may appeal to a Medical Referee appointed by the Governor of the Isle of Man. You must normally give notice of your

appeal to the Department within 28 days of receiving the report from the selected medical practitioner.

It is possible, before the appeal is sent off to the Medical Referee, for you and the Department to agree that the matter be referred back to the medical practitioner under the internal review procedure.

The decision of the Medical Referee is final, subject to review by the Court or reconsideration by the Medical Referee with the agreement of the Department.

14.3 Appeal to High Court of Justice of the Isle of Man

If you are aggrieved by a decision of the Department in respect of an award you may be able to appeal to the High Court.

There is a time limit of 21 days for lodging an appeal to the High Court, which runs from the date of the decision which is the subject of the appeal.

14.4 Internal dispute resolution procedures

If you have a complaint about the PPR, or its administration, which you are not pursuing by means of an appeal under the medical appeal procedures, or to the High Court or to a tribunal, you should approach the PSPA in the first instance.

You will be entitled to receive a written explanation relating to your complaint. If you still feel that you have a valid complaint, you (or someone representing your interests, such as your staff association) can make an appeal to the Scheme Managers, the PSPA, if the matter relates to a direct responsibility of the PSPA under the Police Pension Regulations.

There are time limits for making applications. More details are available from the PSPA's website pages.

14.5 Isle of Man Pensions Ombudsman

The Isle of Man Pensions Ombudsman has the power to investigate and determine complaints or disputes of fact or law in relation to occupational pension schemes, including

- any complaint alleging injustice as a result of maladministration; and
- any question of fact or of law.

However, the Ombudsman cannot investigate a complaint where an appeal under the medical appeal procedures has commenced. Public service schemes such as PPR are required to make specific reference to the Pensions Ombudsman's full powers. However, except in limited circumstances, the Pensions Ombudsman Regulations

preclude the Ombudsman from accepting a complaint or dispute for investigation and determination unless the matter has first been considered by a scheme's internal dispute resolution procedure. An exception is where action by the pension scheme's administrators or managers under the procedures for resolving disputes is delayed without good reason. Please refer to the PSPA's website to find out how to contact the Isle of Man Pensions Ombudsman.

14.6 Data Protection

The Public Sector Pensions Authority will use any information you or your employer provide in connection with your membership to administer and operate the arrangements and pay benefits under it. This may include passing details to third parties that are involved in the administration and operation of the Regulations. The PSPA may also use your data for administrative purposes in line with its data protection notification. In order to fulfil its duty to protect public money, the PSPA may use information it holds to prevent and detect fraud. It may also share information with other organisations that handle public funds. More information can be found in the PSPA Privacy Policy on its website at www.pspa.im

If there is any difference between the legislation governing the Police Pension Regulations 1991 and the information in this leaflet, the legislation will apply.

Time Limits

Some of the actions in PPR that you might wish to take have time limits. These are summarised below. Please ensure that you do not miss out by exceeding these limits.

Action	Time Limit
Making a transfer of previous pension rights to the Police Pension Scheme	No time limit for transfers into the PPR 1991 but there could be a time limit for transfers out under the rules of the other pension scheme. If your previous employer was a member of the Public Sector Transfer Club, it is generally beneficial to apply to transfer within 12 months on joining the PPR
Buying increased benefits with a lump sum payment	You must apply within 12 months of joining the scheme
Making a transfer from PPR if you have not : <ul style="list-style-type: none"> • received pension benefits, • given notice of commutation, or • received a return of your pension contributions 	You must, within 6 months of starting your new job, or longer if your police authority allow make a request for a transfer out.
Notice of commutation - giving notice to your police authority that you want to surrender part of your pension for a lump sum.	You cannot give notice of commutation earlier than four months before your intended date of retirement. You must give notice before your retirement date.

Glossary

Some of the specialist terminology used in relation to pensions is explained below.

Abatement	The temporary reduction in pension payments which may be imposed by the scheme if a police officer is re-engaged after retirement.
Accrual	The rate at which pension benefits build up with increases of pensionable service. Single accrual is where benefits build up evenly for every year of service. Dual accrual is where benefits build up more quickly after an initial period, as in PPR where each year of service above 20 counts double.
Active member	A serving officer who is contributing to one of the police pension schemes.
Additional Voluntary Contributions (AVCs)	Personal pension contributions made by an officer who is a member of PPR to give pension benefits in addition to the police pension entitlement. This money purchase facility is only available in PPR or to former PPR members who transfer to PPR 2010 and carry on making AVC contributions.
Approved career break	A period when the Constabulary has agreed that you can take extended unpaid leave under the Preferential Rejoin Scheme. During this time, your continuity of service is maintained, but you will not be permitted to pay pension contributions and will not accrue pensionable service.
Beneficiary	An individual who receives pension benefits.
Civil partner	A person of the same sex with whom you have formed the legal relationship of civil partnership.

Compulsory retirement age	<p>The age at which you must retire and which depends on your rank, as follows:</p> <ul style="list-style-type: none"> • for a constable, sergeant, 60 years • for an officer with any higher rank, 65 years. <p>The date may be postponed by the chief constable (in the case of an officer of the rank of superintendent or below) or the Department (in the case of an officer above the rank of superintendent).</p>
Commutation	Allows an officer to give up part of his/her annual pension to provide for a one-off payment of lump sum.
Contribution Rate	Is a % of pensionable pay. See table 1 on page 7 for more details.
Deferred pension	<p>Pension rights held by someone who has left a pension scheme before the age at which a pension would normally be payable to them – these are deferred in the sense that they are not payable on leaving but at a future date.</p> <p>A deferred pension is payable at age 60 in unless you are permanently disabled for regular employment, with additional restrictions if you have left the service on disciplinary grounds.</p> <p>A deferred pension can be paid from age 55 but will be actuarially reduced to take account of the fact that it is in payment earlier and for longer.</p>
Deferred member	An individual who is entitled to a deferred pension.
Dependant	Someone who depends on you – either financially, or because they are disabled.
Enhancement and enhanced service	Additions to pensionable service (for example, in certain cases of ill-health retirement) which therefore increase (enhance) the pension payable.

Final pensionable pay	The pay on which pension benefits are based. It will often be the pay in the final year before retirement but account is also taken of some previous earnings. Final pensionable pay is always calculated as full-time pay.
Guaranteed Minimum Pension (GMP)	The minimum pension that must be provided by a contracted-out salary-related scheme (such as PPR and PPR 2010) for pensions accrued from service or employment between 1978 and 1997. The GMP is roughly equivalent to the State Earnings-Related Pension Scheme (SERPS) which would have been payable if PPR/PPR 2010 had not been contracted out. (Police pensions are always equal to or greater than the GMP).
Income Tax Division, Treasury	The Government Department responsible for taxation in the Isle of Man.
Money purchase	A pension arrangement in which the pension paid is related to the size of the individual's pension fund at retirement, which is determined by the contributions made and the investment return that they have produced (as opposed to a defined benefit scheme where the pension is related to the individual's earnings or some other value fixed in advance).
Nominated Partner	Is a person who is entitled to the same rights and benefits as a spouse or civil partner and has been nominated in accordance with the PPR 1991 Regulations and meets certain criteria in order to claim an adult survivor's pension.
Ordinary pension	An ordinary pension is payable to an officer who retires on or after reaching age 50.

Pension age	The age at which a pension other than an ill-health pension may be paid.
Pension credit member	An ex-spouse or ex-civil partner who has received pension rights under a pension sharing order made on divorce or dissolution of a civil partnership. He/she will receive a police pension at age 60 (in PPR) or 65 (in PPR 2010).
Pension debit member	An individual who has given over part of his/her pension rights to an ex-spouse or ex-civil partner under a pension sharing order made on divorce or dissolution of a civil partnership.
Pensionable pay	Elements of earnings which are pensionable and on which pension contributions are paid. Pensionable pay in the police currently includes basic salary, additional salary on temporary promotion and competence related threshold payments.
Personal pension	A money purchase pension which is provided through a contract between an individual and a pension provider.

Isle of Man Constabulary Preferential Re-joining Scheme	Officers can apply to the Isle of Man Constabulary Preferential Re-joining Scheme to take an extended break from their service.
Qualifying service	Service (or employment) which qualifies an individual to receive a pension. In the police schemes, qualifying service is generally calendar length of service in the police for which pension contributions are payable, plus any service arising from previous service or employment that has been transferred in.
Short service pension	A short service pension is payable immediately after completion of at least two but less than 25 years' pensionable service if you retire at what would have been the compulsory retirement age for your rank before the new compulsory retirement ages were introduced on 1 April 2010 It is calculated in a similar way to an ordinary pension.
Surviving Adult Dependent	Spouse, Civil or Nominated Partner
State Pension age	The age at which an individual can claim his/her State Pension. These ages are changing and depend on when you were born. More information can be found on the social security pages on the IOM Government website.

Who can I contact for more information?

If you need more information about any of the provisions of the Police Pensions Regulations 1991 as amended or you would like a statement of retirement benefits or transfer value you should contact the PSPA by writing to or visiting them during normal office hours at:

Public Sector Pensions Authority
3rd Floor, Prospect House
27-29 Prospect Hill
DOUGLAS
ISLE OF MAN
IM1 1ET
Tel: 01624 685598

Email pensions@pspa.im

Website www.pspa.im

Please remember that although the PSPA can give you details of benefit entitlement or options under the Police Pensions Regulations 1991, as amended from time to time, they are not permitted to advise you to take any particular course of action when a choice arises. If you are uncertain what steps to take, it is suggested that you seek the assistance of an independent financial adviser.

How do I find out more about the regulations controlling the scheme?

If you require further details about the regulations controlling the scheme, you should contact PSPA who are the scheme managers at the above address.

Small print

Scheme regulations

This booklet is a straightforward guide to the main provisions of the law in relation to Police Pensions which is set out in the Police Pensions Regulations 1991 as amended. It does not cover every area – the full details are contained in the regulations (as amended), which are the legal basis of the scheme. Nothing in this booklet can replace the rules, and if there is any difference, the rules will apply.

This booklet is based on the regulations current at the time of writing, and there is no guarantee that any part of the regulations will not change in the future. Before changes to the regulations are made, the members and the Police Federation will normally be consulted.

The taxation treatment of some events is mentioned throughout this booklet where considered helpful. It is intended as general advice only; there are many other issues and personal circumstances that can affect your tax affairs and no reliance should be placed on this booklet when making financial decisions

Notes

This booklet is published by the PSPA and is intended for members of the police pension scheme provided under the Police Pensions Regulations 1991 (as amended).
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