

Factsheet FS12 - Transfer Out from an Isle of Man Government Pension Scheme

This Factsheet provides important information for you to read if you are considering transferring your benefits from an Isle of Man Government Public Sector Pension Scheme.

What is a pension transfer?

If you are leaving your employment with the IOM Government you may be able to transfer the value of your accumulated pension benefits to another public sector pension scheme in the Isle of Man or in the UK.

If you are moving to another public sector employment in IOM, England, Wales, Scotland or Northern Ireland, you can request to transfer your existing benefits into their scheme but note that the transfer does not take place automatically – you will have to make a formal application to the PSPA.

If you are moving to another or similar public sector employment in Australia, New Zealand or Canada and will be a permanent resident in that country, the PSPA will consider your transfer request, but please note only transfer to a qualified and registered occupational pension scheme that guarantees a pension income, will be considered.

Please note that the PSPA does not permit transfers to any other type of occupational or personal pension scheme or arrangement.

The Public Sector Pensions Authority will only permit transfers for scheme members who comply with **all** of the requirements listed below:

1. have terminated their IOM public sector employment; and
2. have taken up employment with a new public sector employer; and
3. can evidence that they are a contributing member of their new public sector employer's public sector pension scheme and this is the scheme to which the transfer will be paid too; and
4. are permanently resident in the country in which the new employer's pension scheme is established.

How do I make a transfer application?

Before submitting a transfer request to the PSPA, ask your new public sector pension scheme provider about their transfer process and check that they will accept a transfer from your IOM public sector scheme.

We normally expect to receive transfer requests directly from the new provider but we can accept a request directly from you if your new provider won't manage the process on your behalf. If you wish to make your own request please complete and return a Transfer In Request Form which you can find on the forms and guides pages of the website at www.pspa.im

When we receive the application, we'll check that the receiving scheme is eligible and is so, provide a transfer value within 3 months. Please note that this period could be longer if the required information to produce the transfer value is not readily available.

What happens when I have applied for a transfer?

The PSPA will calculate the transfer payment. This is worked out by converting the value of your pension rights to a current Cash Equivalent Transfer Value (CETV) or "transfer value" for short. The transfer value buys pension benefits in your new employer's scheme, which will count towards benefits payable from that scheme.

A transfer value (CETV) is the capitalised value of your accrued rights and any associated rights at the calculation (or guarantee) date. Accrued rights means the pension, lump sum and survivor pension respectively that you would have become entitled to if you had resigned on the date you left the Pension Scheme. Associated rights means any increase to the value of those accrued rights as a result of pension scheme benefits being index linked. We use a number of factors supplied by the Scheme Actuary to work out the cash equivalent value of your pension benefits. The cash value is then used to buy benefits in your new scheme.

The transfer value will be guaranteed for a period of three months and we'll send the transfer value to your new pension provider along with the necessary discharge forms.

Your new provider should then tell you what benefits your transfer value will buy in their scheme. At this stage, you should compare the benefits offered by your new provider with those that would be preserved in your IOM scheme.

If you decide to proceed with the transfer, sign the discharge forms and return to your pension provider and they will request the transfer on your behalf.

Are transfer values guaranteed?

Yes, your transfer value will be guaranteed for three months from the date of calculation. If your new scheme asks for a payment within the three month guarantee period, we'll pay the guaranteed amount. If the transfer request is received after the guaranteed period, we'll calculate the transfer value and pay that amount to your new scheme.

Is there a charge for a transfer value?

We provide one transfer value a year free of charge. However, we do charge for additional valuations. See our current list of charges which is on the PSPA website.

Are the IOM Public Sector Pension Schemes members of the "Public Sector Transfer Club Scheme" Arrangements?

No.

The schemes administered by the PSPA (listed below) are classed and registered as Qualifying Recognised Overseas Pensions Schemes (QROPS):

- Isle of Man Government Unified Scheme 2011
- Isle of Man Government Group AVC Scheme
- Judicial Pension Scheme 2004
- Police Pensions Regulations 1991
- Police Pensions Regulations 2010
- Teachers' Superannuation Order 2011

Will I incur a tax charge if I transfer to another public sector scheme?

The PSPA cannot advise on Income Tax issues and therefore, it is each individual's responsibility to ensure they fully understand and accept any income tax charge that they may incur following a transfer to another public sector scheme in the UK or an overseas public sector scheme which will be QROPS.

The PSPA will permit transfers on the understanding that all individuals have taken the appropriate advice from Income Tax and that the individual and not the PSPA will be solely responsible for any income tax charges.

The PSPA recommends that you contact the Income Tax Division of the Treasury for more information and advice or refer to the current version of their Practice Note on Approved Pension Schemes currently PN 165/10 at: <http://www.gov.im/media/512041/pn16510.pdf>

Alternatively, Income Tax Division can be contacted on 01624 685400 or incometax@itd.treasury.gov.im

Age Limits

Transfers to any of the above arrangements may have time limits imposed. This can be a combination of a transfer having to be completed into a new employer's pension scheme within a certain time of your joining the new scheme, and/or your needing to be under the Normal Pension Age for the old/new schemes.

Isle of Man Government Unified Scheme (GUS)

Pension benefits can be transferred out from GUS if the member has a minimum of 3 months service and the transfer takes place within 12 months of leaving the scheme and not preserving benefits. Members who are over age 75 or those who have retired and claimed their pension benefits under GUS are not permitted to transfer out.

Police Pensions Regulations 1991

Members can apply for a transfer out if they have a minimum of 3 months scheme membership and they must apply within 12 months from the date they left the scheme. Members who have retired and claimed their pension benefits under this scheme are not permitted to transfer out.

Police Pensions Regulations 2010

Members can apply for a transfer out if they have a minimum of 3 months scheme membership and they must apply within 6 months from the date they left the scheme. Members who are over aged 64 or have retired and claimed their pension benefits under this scheme are not permitted to transfer out.

Teachers' Superannuation Order 2011

Members can apply for a transfer out if they have a minimum of 3 months scheme membership and have not reached the Normal Pension Age for their section of this Scheme, either age 60 or 65. Members who have retired and claimed their pension benefits under this scheme are not permitted to transfer out.

Instruction to Transfer Out

If you decide to go ahead with the transfer and your new provider is willing to accept the transfer into their arrangement, then both you and the new provider will need to complete the discharge form and return it to the PSPA within the 3 month guaranteed period.

Any requests that arrive outside the three month guaranteed period will require a new transfer value to be calculated which may incur an additional charge.

Upon receipt of the discharge form, the PSPA will arrange for payment of the transfer value direct to the new provider thus discharging all liability from the current scheme to the new arrangement.

Once the payment has been made, the PSPA are unable to reverse the transfer and at this time you will cease to be a scheme member and therefore no longer entitled to any benefits from the scheme.

How long does it take to get a transfer valuation?

Transfers between pension schemes can be a lengthy process, as the PSPA may have to collate information from a number of parties, including your former employer and Social Security. The PSPA will aim to provide the transfer value and release forms to your new supplier within 3 months of receiving the initial request.

How long does it take to finalise the transfer and make the payment?

Upon receipt of the signed and completed discharge forms and any other required information, the PSPA will endeavour to process within 1 month.

The PSPA cannot undertake to provide payment of a transfer value on any guaranteed date.

Cash Equivalent transfer value (CETV) for divorce purposes

Divorce cases are dealt with differently to other transfer requests. If you require a CETV for Divorce purposes, please refer to our guide on Divorce and Dissolution, then complete the PD15 Application Form.

Hypothetical transfer values for Scheme members

Transfer values are for information only and must not be used for divorce purposes, unless specifically requested as outlined above. The PSPA will provide, upon request, details of the transfer value but not discharge forms. Members are only entitled to one free hypothetical transfer value per 12 month period.

Doubts About Transferring

There is no compulsion on the member to transfer their benefits even if an enquiry has been made. However, the PSPA cannot cancel or reinstate a transfer once payment has been sent to the new scheme.

The PSPA always recommends that the member seeks independent financial advice if they are in doubt about whether a transfer is the best option for them. The PSPA are by law unable to offer advice on the matter.

It is in your own interests to make sure you know what pension rights your new employer's scheme is offering before you make your decision. If you are in any doubt you should seek independent financial advice. For more information and advice on finding a source of independent financial advice on the Isle of Man we would suggest you visit the website of the Financial Services Authority at www.iomfsa.im

Where can I go for help?

Contact the Scheme administrators at the PSPA: Email: pensions@pspa.im

Write to: PSPA Prospect House 27-29 Prospect Hill Douglas ISLE OF MAN IM1 1ET

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

Disclaimer

This factsheet is a guide only and does not represent any entitlement to the provisions described. This factsheet provides information to help you think about the consequences of transferring out and does not cover every aspect of any Government scheme. The full details are contained only in the Rules of each Scheme, which are the legal basis of the schemes. Nothing in this factsheet will override the Rules, and in the event of any unintentional difference, the rules will apply.

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