



IoMG Unified Scheme

Public Sector Pensions Authority (PSPA)

Factsheet to support Employers Voluntary Resignation Scheme (VRS) or Mutually Agreed Resignation Schemes (MARS)

This Factsheet provides important pensions information for those employees who are considering applying for, and are subsequently accepted for VRS or MARS.

The key facts included are:

- Pensions Options
- When pension quotes will be issued
- Timetable for settlement of benefits

What is the Voluntary Resignation Scheme?

Voluntary Resignation Scheme (VRS) and Mutually Agreed Resignation Schemes (MARS) offer a severance payment for an employee to leave their post voluntarily.

If my voluntary severance application is accepted, what will happen to my pension?

If you are an eligible employee and your application is accepted under the VRS or MARS, what will happen to your pension is dependent on your age. Under the Rules of the Isle of Man Government Unified Scheme (the Scheme) your options are governed by your age when you resign and leave employment.

If you are under age 55, your options are:

- If you have more than 2 years pensionable service you can preserve your service and final pensionable pay in the Scheme for payment from any age after age 55 but before age 75;
- Take a transfer value to an approved new employer scheme.

If you are 55 or over, your options are:

- If you have more than 2 years pensionable service, you can retire from the Scheme by claiming immediate payment of your pension benefits; or
- If you have more than 2 years pensionable service, you can preserve your service and final pensionable pay in the Scheme for payment from any age after age 55 but before age 75; or
- Take a transfer value to an approved new employer scheme.

I am under age 55, what happens when I 'Preserve' my pension?

If you are under age 55 and leave employment and the Scheme, your service that you have built up in the Scheme, and your final pensionable pay earned up to your last day of service will be frozen or as we call it 'preserved' until you choose to claim benefits.

Your pension when you retire will be based on your final pensionable pay, pensionable service to the date of leaving and the growth rate for the section of the Unified Scheme that you are a member of.

Please note that a pension accrued from service after 1 April 2017 will be reduced by 6%.

The growth rate is dependent on what age you are when you retire.

An example of the growth rates for Protected Section 2 are:

- Age 55 1.12%
- Age 60 1.46%
- Age 65 1.90%

Your preserved final pensionable pay will be increased each year, using the pension increase factors to maintain its value up to the date your pension becomes payable.

You can claim your deferred pension from age 55 up to age 75.

More information and examples of how pensions are calculated can be found in the Unified Scheme Guide on the website.

You can however, take your preserved benefits before age 55 if you suffer from poor health and are medically found to be permanently unable to carry out any gainful employment. For further information on ill health read our Ill Health fact sheet available on the website at www.pspa.im

To help me make my decision will you send me a quote?

No, we do not intend to send preservation quotes for members under age 55.

The PSPA is not resourced to issue quotes for a large number of members within the usual limited timescales of VRS or MARS and has taken the view that as members have been issued with annual statements in the past, which confirm service and estimated pensionable pay accrued to date, then by referring to these documents and reading this factsheet, members will have sufficient information to allow them to consider applying for a VRS or MARS.

I am over aged 55, what happens if I don't want to claim my pension benefits yet?

If you are aged 55 and your application for VRS or MARS is accepted by your employer, you don't have to claim your pension benefits from the Scheme. In this scenario, your pension benefits would be Preserved as explained on Page 2 or you may have the option to transfer to your new employer's occupational scheme.

I am over aged 55 and I will want to claim my pension?

If your VRS or MARS application is accepted and you leave your employment and you are over age 55, then you can claim immediate payment of your pension, starting from the day after your last date of paid service.

Will you be sending me a retirement quote?

Yes, we will if you ask us to. As you are considering VRS or MARS there will be no charge for this quote. If you would like to request a quote, please complete ER1 Estimate Request Form (available on the forms and guides page of our website at www.pspa.im) and email it to pensions@pspa.im

We will send an estimated retirement quote based on the service and earnings information we currently hold on our records.

This quote will show you your estimated:

- Annual Pension and
- Maximum Lump Sum and Reduced Annual Pension

When will I get the quote?

We will send you a quote within 3 weeks of your application being received.

How do I claim my pension if my VRS or MARS application is accepted?

If, and when your employer accepts your VRS or MARS application, they will tell us at the same time and let us have details of your final earnings and date of leaving. Once we have this information, we will arrange for you to complete one of our application forms and only then can we commence settlement of your retirement benefits

Can I use my lump sum severance payment to purchase some extra years in the pension scheme?

No, the option to purchase additional service in this way is not available under VRS or MARS.

When will I get my lump sum and pension?

Due to the possible high numbers of claims, we may not be able to settle these within our normal service delivery times and it is important to warn you now that you may not receive your pension and lump sum immediately after retiring.

It will take some time to process these claims and as such, we wanted to make all applicants aware of a possible delay in settling retirement claims.

Lump Sum – this will be paid to you no more than 4 weeks after your retirement date.

Annual Pension – payments are made on the 25th of each month and your monthly pension payment will start no more than 6 weeks after your retirement date.

Where can I find more information?

You can find more information about the Unified Scheme using the resources on our website at www.pspa.im

You can also visit the PSPA during usual office hours and have a chat with one of our administrators. If you want to arrange an appointment please call us on 685598 or email pensions@pspa.im

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