

Factsheet GUS FS16

Deferred Members Annual Statement of Benefits March 2023

This Factsheet provides additional information for Deferred Members of the Isle of Man Government Unified Scheme 2011 who have received their Annual Statement of Benefits at March 2023.

This factsheet is to remind you of the key facts to what being a Deferred Member in the Unified Scheme means and will help you to understand your Annual Statement of Benefits.

We would like to remind members to check their employee contributions on their payslips.

If you are a Deferred Member and you haven't received a statement, please let us know by emailing us at abs@pspa.im or calling us on 01624 685598, you will need to provide your full name, date of birth and your current address.

What will it mean for me?

You are a Deferred Member if you previously contributed as an active member of the Isle of Man Government Unified Scheme 2011 and are no longer in pensionable service and have not yet started to receive your pension. Your benefits are held in the scheme until you claim them at retirement. If you have less than 2 year's pensionable service, you would not be entitled to deferred benefit.

Annual Statement of Benefits

Each year we will send you an Annual Statement of Benefits which will show you the current value of your deferred pension benefit assuming retirement at a various ages and the current value of your benefits due in the event of your death.

The next batches of statements are due to be issued in May 2024 and quoted the updated value of the benefits as at March 2024.

We will continue to send you a Statement of Benefits each year until you claim your benefit, which will show how much your deferred benefits have increased each year.

You may find the following information is useful in helping you understand the key facts for the benefits and options you have as a Deferred Member in the Unified Scheme.

When will my pension be paid to me?

It is your decision, the scheme is flexible to fit in with your personal retirement plans and as such most deferred members can claim these deferred benefits from age 55 up to age 75.

Depending on your age when you choose to retire and claim your pension benefits, we will take the current up-rated value of your final pensionable pay and your service and apply it to the growth rate applicable to your age at the time you claim the benefits and the scheme section you were in.

Growth rates increase the older you get, therefore, the longer the pension remains deferred and unclaimed the higher annual increases it will have applied to it.

How do I claim my Deferred Pension?

As you can retire at any age between 55 and 75, we will rely on you contacting us to tell us when you want to retire. Please print out the deferred benefits claim form from our website www.pspa.im and give us at least 1 month notice.

The Scheme is flexible to fit in with your requirements and it is up to you when you chose to claim your pension.

Your deferred pension will be paid from the date that you make your claim from which can be a date from any age from 55 to age 75. If you do not claim it by age 75 then we will contact you to arrange payments to commence.

You can claim your pension by completing a Deferred Benefits Claim Form.

Please contact us if you would like a copy either by emailing pensions@pspa.im or by writing to PSPA, Prospect House, 27-29 Prospect Hill, Douglas IM1 1ET.

Do I have the option of taking a Lump Sum?

Yes, under the Unified Scheme all deferred members will be able to give up part of their pension for a one-off cash lump sum of up to 30% of the value of their benefits.

For each £1 of pension given up, a lump sum of £18 will be paid.

(Firefighters may have different retirement age restrictions and commutation rates and these are explained in the Unified Scheme rules.)

The Maximum Lump Sum you can take is approximately 5.8 times your pension, before you take a lump sum.

How is the Maximum Lump Sum calculated?

This example assumes that at age 60, the Deferred Member is due to be awarded a pension of £15,000 a year.

Stage 1 – we calculate the Maximum Lump Sum this member can take:

Maximum Lump Sum $5.80645 \times £15,000 = £87,096.75$

Stage 2 – we find out how much of the £15,000 pension the member has to 'give up' in exchange for getting a Maximum Lump Sum of £87,096.75.

For every £18 of lump sum the member has to give up £1 of pension.

$£87,096.75 \div £18 = £4,838.71$

Stage 3 - as the member has given up £4,838.71 of their pension for the Maximum Lump Sum of £87,096.75, their reduced pension per annum is:

$£15,000 - £4,838.71 = £10,161.29$

This means this member can choose:

- • A pension of £15,000 a year; or
- • A maximum one-off lump sum of £87,096.75, plus a pension of £10,161.29 a year; or
- • Some other combination of pension and lump sum up to the maximum allowed.

How does taking a lump sum affect my future survivors' benefits?

Reducing your annual pension in this way has no impact on your survivors' pensions as these are based on your pension before you give any up for a higher lump sum.

Will my benefits increase in line with inflation?

Your deferred benefits will continue to increase each year in line with the inflation index in the Unified Scheme. Your statement shows your deferred pension benefits, increased since you left service by the annual cost of living increase applicable up to 9 April 2023.

Can I transfer out my deferred benefits from the Unified Scheme?

Yes, you can ask for a transfer payment to be made to your new public sector employer's scheme, as long as this meets certain criteria and they are prepared to accept it. Please refer to our FS12- Transferring out Factsheet for more information on the types of pension arrangement that the PSPA permits transfers to.

What benefits will be paid to my dependants in the event of my death?

If you die whilst you are a deferred pension member the Unified Scheme will pay:

- • A cash lump sum to your beneficiary. The lump sum will be calculated based on your pension and will be detailed on your statement.
- • A long-term survivor pension. A pension will be paid to your partner and/or dependent children. This will be equal to 0.625% of Final Pensionable Pay per year of Pensionable Service (or 0.625% of Career Earnings for practitioners), increased in line with the inflation index to the date of death. Children will receive 50% of a survivor's pension each, up to maximum of 100% for two or more children. Benefits accrued from service built up after 1 April 2017 will be reduced by 6%.

How do I nominate a beneficiary to receive the Lump Sum?

You can nominate a beneficiary to receive the cash lump sum, by completing the Unified Scheme Lump Sum Nomination Form, which can be found in the forms and guides of our website.

What happens if I become ill before I retire?

Deferred members, who become permanently incapable of carrying out any gainful employment because of ill health, will be entitled to apply to take their pension early.

More information can be found in the Unified Ill Health Retirement Factsheet which is available on our website at www.pspa.im

Where can I go for help?

Contact the Unified Scheme administrators at the PSPA:

Email: abs@pspa.im , giving your full name, date of birth and current home address.

Write to:

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

You can telephone us on +44 (0)1624 685598 giving your full name ,date of birth and current home address, however we always recommend putting your enquiry in writing if you can, so that there is a written record of your enquiry and our response.

Disclaimer

This fact sheet is a guide only and does not represent any entitlement to the provisions described. This fact sheet provides information to Deferred Members of the Unified Scheme and supports the issuance of Statement of Benefits and does not cover every aspect of the scheme. The full details are contained only in the Rules of the Isle of Man Government Scheme 2011, which are the legal basis of the scheme. The Rules can be found on the Forms and Publications page of website at www.pspa.im nothing in this fact sheet will override the Rules, and in the event of any unintentional difference, the rules will apply.

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