



PUBLIC SECTOR PENSIONS AUTHORITY

JUDICIAL PENSION SCHEME 2004

MEMBER GUIDE

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GUIDE TO THE JUDICIAL PENSION SCHEME 2004

Introduction

1. The information in this Guide is based upon the Judicial Pensions and Retirement Act 1993 (an Act of Parliament) and other relevant legislation. The superannuation provisions of the Act and related legislation are applied to the Isle of Man with necessary modifications by the Judicial Pension Scheme 2004 as amended by the Judicial Pension (Amendment) Scheme 2005 and Judicial Pension (Amendment) Scheme 2020.

This document is a guide only and does not represent any entitlement to the benefits described. The definitive terms governing your existing benefits are contained in the schemes and other documents governing the scheme of which you are currently a member. In the event of any conflict between this guide and those documents, the legal documents (as amended from time to time by the Isle of Man Government) will prevail.

Office-holders should contact the Public Sector Pensions Authority (PSPA) at the address given at the end of this Guide for more detailed information, taking their personal circumstances into account, on particular issues which concern them. However, members of staff in the PSPA are not qualified to give financial advice and judicial office-holders will need to seek independent financial advice on their own account when this is required.

2. This Scheme was closed to all new membership from 19 February 2020. Prior to 19 February 2020 all salaried judicial office holders whose judicial office is listed in paragraph 2(1) of the Judicial Pension Scheme 2004 (as amended) and listed at point 3, are automatically members of that pension scheme on appointment. From 19 February 2020 any new salaried judicial office holders whose judicial office is listed in point 3 are entitled to join the Isle of Man Government Unified Scheme 2011.

3. The offices are:

- First Deemster and Clerk of the Rolls
- Second Deemster
- Deputy Deemster
- Judge of Appeal
- Attorney General
- High Bailiff
- Deputy High Bailiff
- Solicitor General

4. This Scheme is classed for tax purposes as a Statutory Scheme. As such it does not require approval from the Assessor of Income Tax. The taxation treatment of some events is mentioned throughout this Guide 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.

State Retirement Benefits

5. Holders of judicial office will be entitled to receive the basic state retirement pension from State retirement age.

Pensionable pay

6. The pension scheme is a final salary scheme and for this purpose pensionable pay is the largest amount of salary paid to a scheme member in any period of 12 consecutive months in the three years immediately preceding the day on which that person ceases to hold office. The scheme does provide for the determination of the pensionable pay of a person who fails to serve for a period of 12 consecutive months in the three years preceding the last day in office. In addition, where salary has been reduced in the three years immediately preceding the last day in office because of absence on sick leave, that reduction is ignored for the purpose of determining pensionable pay.

Contributions

7. As a member of the Judicial Pension Scheme, you will pay a percentage of your pensionable pay and the Isle of Man Government will also make a contribution of 15%. The judicial pension scheme is an unfunded scheme and members must pay a contribution towards the cost of the pension benefits of 11% of pensionable pay. From 1 April 2020 for a period of 5 years contributions will be transitioning from 3% to 11% by annual increases of 1.6% of pensionable pay. Of the 11% contribution, 8% is required in respect of member's personal benefits and 3% of the 11 % contribution is required towards the cost of spouses', civil partners' and children's pensions. No contributions are required in respect of any period in which service is enhanced on retirement on health grounds or in the event of death in service (see paragraphs 19 and 20 on medical retirement and death in service). Contributions will be deemed to have been made in respect of such periods of enhancement.

8. Contributions made by a scheme member who at the time of retirement or death in service is unmarried, and who does not have a registered civil partner or children eligible to receive benefits under the scheme, and who at no time while holding judicial office has been married, or in a registered civil partnership or had eligible children, will be refunded. Where a scheme member is unmarried at retirement, and does not at the time have a civil partner or children eligible to benefit under the scheme, but during some period of service has had a spouse, a registered civil partner or eligible children, contributions made from the date on which the scheme member last had a spouse, registered civil partner or eligible children will also be refunded. Contributions are refunded together with compound interest, the interest payable in these circumstances is liable for a deduction for tax. Tax will be deducted at source, i.e. before the refunded contributions and interest are paid out to the recipient.

Reckonable Service

9. Each year and part-year of service is reckonable for judicial pension purposes except in the following circumstances:

Non Reckonable Absences

10. Where a scheme member takes unpaid leave or a career break the period of such leave will not count towards service for pension benefits and no contributions towards the cost of spouses', civil partners' or children's benefits will be payable.

Salaried part-time working

11. Salaried part-time working provides a pro rata entitlement to the pension benefits using the pensionable pay that the scheme member would have received if he or she had been sitting on a full-time basis. For a judicial office holder who serves for 20 years with full-time service before moving to part-time sitting later in their career this will have no implications for their eventual pension. A judicial office holder who has less than 20 years full-time service will have to sit additional years of part-time service to receive a full pension as a year's part-time sitting does not equate to a full year for pension purposes.

Pension benefits

Retirement

12. Provided a scheme member retires having completed at least 5¹ years service and is aged 65 a pension is immediately payable. The pension is payable at the following rates:

- If the period of service, in the aggregate, amounts to 20 years or more, one half of pensionable pay;
- If the period of service, in the aggregate, amounts to less than 20 years, 1/40th of pensionable pay multiplied by the aggregate length of service (this is expressed in years and fractions of a year).

13. In addition to the pension a lump sum is payable to the scheme member. The lump sum is calculated as two and a quarter times the annual pension.

Early voluntary retirement before the age of 60

14. A preserved pension and lump sum will be awarded to a scheme member who has served for at least 2 years and who resigns without qualifying for an immediate pension. The benefits would be calculated at the date of leaving office but would not become payable until the scheme member reached normal pension age (i.e. age 65) although the amounts calculated at retirement would be inflation-proofed throughout the period of preservation.

15. Preserved benefits and preserved derivative benefits (spouses', civil partners' and children's pensions and the personal lump sum) are taken as accruing proportionately to the

¹ In order to comply with the requirements of the Pensions Act 1993, benefits will be paid to judicial office holders who have reached the compulsory retirement age of 70 not having completed 5 years of service but having completed at least 2 years.

benefits to which the scheme member would have been entitled had he or she served to normal pension age. Thus, for a scheme member who would have served for 14 years to the normal pension age of 65 but retires after only 6 years' service, the preserved pension would amount to 6/14 of the pension which would have become payable at age 65 but calculated by reference to the scheme member's pensionable pay at the date he or she ceased to hold office.

16. A preserved spouse's or civil partner's pension and a preserved personal lump sum are calculated, respectively, at an annual rate equal to half the annual rate of the preserved judicial pension and as an amount equal to two and a quarter times the annual rate of that pension. The lump sum is subject to the same taxation treatment as lump sums paid immediately on retirement and a service award equal to the tax paid on the lump sum, attributable to Part 1 of the pension scheme, will be paid when the preserved award comes into payment. Where a scheme member has retired with prospective entitlement to a preserved pension but dies before reaching the age when the pension is due to come into payment, the surviving spouse or civil partner is entitled immediately to a pension of one-half of the preserved judicial pension.

Early voluntary retirement between the ages of 60 and 65

17. A scheme member who retires on or after his or her 60th birthday but before his or her 65th birthday and who has completed at least 5 years service is entitled to a pension and lump sum immediately payable but actuarially reduced. The pension and lump sum are calculated as in paragraphs 15 and 16 but actuarially reduced in accordance with a factor related to the scheme member's age at the date of retirement.

Medical retirement

18. A scheme member who retires at any time after appointment for reasons of ill health is entitled to the immediate payment of a pension and lump sum based on his or her actual service and calculated in accordance with paragraphs 13 and 14. If the scheme member has not reached his or her 65th birthday before the date of retirement, the length of service upon which the pension is calculated will be enhanced by a period equal in length to one-half of the time remaining between the day after the date of retirement and the 65th birthday

Death in service

19. When a scheme member dies whilst still holding office a lump sum death benefit equal to twice the amount of pensionable pay (see paragraph 5 for how pensionable pay is calculated) is payable either to the personal representatives or if a nomination has been made to the person or persons so nominated. Information on nominations, including blank nomination forms can be obtained from the PSPA.

20. In addition to the lump sum a pension is payable to the surviving spouse, or civil partner. Where there is an eligible child or children a pension will also be paid. More details on these pensions are at paragraph 23.

Death in retirement

21. Where a judicial pension is in payment but the pensioner dies so soon after retirement that the aggregate of the sums paid or payable on account of the pension (including any increases under the Pensions (Increase) Act 1971) together with the lump sum paid or payable on retirement falls short of an amount equal to five times the annual rate of the pension in force immediately before the date of death, a lump sum equal to the difference will be payable to the personal representatives.

22. On the death of a judicial office holder, either

- during service; or
- after retirement if the judicial office holder had been in receipt of a judicial pension,

a pension is payable to the surviving spouse, or surviving civil partner, (unless the marriage, or registration of a civil partnership, took place after the scheme member ceased to hold judicial office) at a rate equal to one-half of the pension to which the judicial office holder would have been entitled if he or she had retired on grounds of ill-health on the day on which in fact the death had occurred, or one-half of the personal pension actually in payment at the time of death, as the case may be.

23. In addition, a pension may also be payable in respect of a child or children under the age of 16, or over that age and receiving full-time education, at the time of the judicial office holder's death. In general:-

where there is a surviving spouse, or a surviving civil partner, the pension is

1/4 of the judicial pension if there is one eligible child and

1/2 of that pension if there is more than one eligible child;

where there is no surviving spouse, or surviving civil partner, the pension is

1/3 of the judicial pension if there is one eligible child and

2/3 of the pension if there is more than one eligible child;

the "judicial pension" being either the pension in payment at the time of death, or, in the case of death in office, the pension to which there would have been entitlement if the judicial office holder had retired on health grounds on the day on which in fact the death had occurred.

After retirement

24. All pensions in payment are increased to take account of increases in the cost of living. Preserved pensions and lump sums are also increased to maintain their value up to the date they become payable.

Appeals

25. A judicial office holder who is dissatisfied with any decision taken by the administrators of the judicial pension scheme has the right to appeal against such a decision. Any judicial office holder considering making an appeal should in the first instance write to the administrators at the address below. There is a right of appeal under section 20 of the 1993 Act.

Disclaimer

26. This document is a guide only and does not represent any entitlement to the benefits described.

The definitive terms governing your existing benefits are contained in the regulations and other documents governing the scheme of which you are currently a member. In the event of any conflict between this guide and those documents, the legal documents (as amended from time to time by the Isle of Man Government) will prevail. Actual benefits will depend on future events, scheme regulations, and the circumstances as at the date you join, retire, leave or die.

The Public Sector Pensions Authority cannot accept any responsibility for any errors, omissions or inaccuracies.

Contact details

Any queries or requests for further information should be addressed to:

Public Sector Pensions Authority
Third Floor, Prospect House
Prospect Hill, Douglas
Isle of Man
IM1 1EE

Or via email to pensions@pspa.im

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