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Isle of Man – Local Government Superannuation Scheme 2012

OVERVIEW OF LGSS

1. The Isle of Man operates a final salary defined benefit pension scheme for local government workers in the Local Government Superannuation Scheme (LGSS). This means that the pension paid in retirement is based upon the members' final salary and service. Member contributions are based upon a tiered level of contribution rates.
2. The 2012 LGSS was introduced from the 1 April 2012. Members' employed before this date will also have accrued pension benefits in the previous scheme. Please note membership up to 31 March 2012 will be calculated in line with the previous scheme rules.

PENSION BENEFITS

3. The accrual rate of the scheme is $1/60^{\text{th}}$ and the normal pension age is 65. This means that for each year in service, members' build up $1/60^{\text{th}}$ of their final pensionable pay that is payable in full upon retirement at age 65.
4. The LGSS provides a lump sum death grant of three times pensionable pay for members that die in service. Members can complete an expression of wish to notify the scheme who they wish this to be payable too.

5. This scheme also provides dependent's pensions to eligible, widows, widowers and civil partners upon death in service or in retirement.

EXAMPLES

Example 1

Mel joined the LGSS on the 1st June 2012 and worked full time until leaving on the 31st May 2017. At leaving she had 5 years of service and a final pay of £30,000.

$$5 / 60 \times £30,000 = £2,500$$

Upon leaving she had built up an annual pension of £2,500 payable from age 65.

Example 2

Derek joined the LGSS on the 1st September 2012 and worked part time until leaving on the 31st March 2017. At leaving he had 4 and half years of calendar length service and a final pay of £30,000. His reckonable service which is scaled for part time working was 2 years and 3 months.

$$2.25 / 60 \times £30,000 = £1,125$$

Upon leaving he had built up an annual pension of £1,125 payable from age 65.

RETIREMENT OPTIONS

6. Members can choose to retire early; this will result in the starting amount of pension being reduced to take into account it being paid over a longer period of time.
7. Members can also choose to continue working after age 65; this will result in a late retirement factor being applied to take into account the pension being paid over a shorter period of time.
8. Members can also choose to commute pension to lump sum at retirement. This is currently calculated on a 12:1 commutation factor. This means that for every £1 of lump sum a member gives up they are given £12 of lump sum.