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TEACHERS SUPERANNUATION ORDER (AMENDMENT) ORDER 2018

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Statutory Document No. 2018/0132



Public Sector Pensions Act 2011

TEACHERS SUPERANNUATION ORDER (AMENDMENT) ORDER 2018

Approved by Tynwald:

Coming into Operation:

1 April 2018

The Public Sector Pensions Authority makes the following Order under section 6 1 (c) and 7 (4) of the Public Sector Pensions Act 2011.

1 Title

This Order is the Teachers Superannuation Order (Amendment) Order 2018.

2 Commencement

If approved by Tynwald, this Order comes into operation on 1 April 2018.

3 Interpretation

In these Regulations “the applied regulations” means The Teachers Superannuation Regulations 2010¹ as applied to the Isle of Man by the Teachers’ Superannuation Order 2011².

4 Application

The applied regulations shall apply to the Island subject to the modifications specified in the Schedule.

MADE

16 APRIL 2017

JERRY CARTER

Chairman

Public Sector Pensions Authority

¹ SI 2010/990

² SD 0134/11

SCHEDULE

MODIFICATIONS TO SD 0134/11

1 General Modifications

- (1) In Paragraph 1 of Part 1 Schedule 2 in the table of modifications –
- (i) in the definition of “Secretary of State” for “Department of Education and Children” substitute –
63 Public Sector Pensions Authority **62**
 - (ii) In the definition of “local authority (in its capacity as a local education authority)” for the Department of Education and Children substitute –
63 Department of Education, Sport and Culture **62**.
- (2) Omit paragraph 29.

MODIFICATIONS TO THE APPLIED REGULATIONS

2 Annual rate of phased retirement and retirement pension

In Regulation 61 (5) for sub-paragraphs (a) and (b) substitute –

- 63**(a) (i) For service up to and including 31 March 2018 $\frac{1}{80} \times P$'s average salary $\times P$'s NPA 60 reckonable service to which a Case applies (in years and fractions of a year); and
- (ii) For service from 1 April 2018 $\frac{1}{83} \times P$'s average salary $\times P$'s NPA 60 reckonable service to which a Case applies (in years and fractions of a year).
- (b) (i) For service up to and including 31 March 2018 $\frac{1}{60} \times P$'s average salary $\times P$'s NPA 65 reckonable service to which a Case applies (in years and fractions of a year); and
- (ii) For service from 1 April 2018 $\frac{1}{62.5} \times P$'s average salary $\times P$'s NPA 65 reckonable service to which a Case applies (in years and fractions of a year). **62**

3 Amount of phased retirement and retirement lump sum

In Regulation 62 (7) before the definition of “relevant date” insert –

63 “permitted maximum” is 30% of the value of the pension, as determined by the Public Sector Pensions Authority and calculated on a basis approved by the Scheme Actuary, for a lump sum. **62**

4 Annual rate of total incapacity pension and amount of total incapacity lump sum

- (1) In Regulation 66 (5) (a) for the fraction 1/80 substitute –
~~1/80~~ 1/83
- (2) In Regulation 66 (5) (b) for the fraction 1/60 substitute –
~~1/60~~ 1/62.5

5 Nomination of surviving nominated partner

In Regulation 90 at the end of sub-paragraph (4)(b) after the word “death” insert –

~~or~~ or in exceptional circumstances such other shorter period of time as the PSPA may determine.

6 Meaning of “surviving adult”

In Regulation 92 for “or surviving nominated beneficiary” substitute –

~~or~~, surviving nominated beneficiary or a surviving adult dependent who in the view of the PSPA should be deemed to meet the criteria of a surviving nominated beneficiary.

7 Adult Pensions

In Regulation 94 omit sub paragraphs (5), (6) and(7).

8 Overpayment of Benefits

After Regulation 138 insert –

~~138~~ Overpayment of Benefits

- 139.- (1) If information or evidence supplied to the Public Sector Pensions Authority in connection with the provision of a benefit under these Regulations is subsequently proved to the satisfaction of the Public Sector Pensions Authority to be incorrect or insufficient, the Public Sector Pensions Authority must provide for the payment of the benefit that would have been payable had it been calculated by reference to the correct information or evidence.
- (2) If any person or a person’s beneficiary is paid benefits under these Regulations to which he or she is not entitled, the Public Sector Pensions Authority may, on discovering such an error take all reasonable steps to recover such payments from the

recipient including but not limited to offsetting any overpayment of a benefit against future payments of benefits. 22

9 Overriding Provisions

After the newly inserted Regulation 139 insert –

23 Overriding Provisions

- 140 –
- (1) The provisions in this Regulation are overriding and apply although a Regulation or any other announcement, notification or provision of these Regulations appears to contradict them.
 - (2) In this Regulation 140 “Member” means a person who is paying contributions to or is in receipt of benefits paid under the Teachers Superannuation Order 2011.
 - (3) These Regulations apply to all Members of the Teachers Superannuation Order 2011 unless it is explicitly stated that they apply to a Member or Members of a particular part of the Regulations.
 - (4) If it appears to the Public Sector Pensions Authority that a Member has been incorrectly notified of a term governing his or her Membership, including, but not limited to –
 - (a) the benefits to which the Member or a Beneficiary is entitled;
 - (b) the rate or frequency of the ordinary contributions the Member must pay under these Regulations;
 - (c) if applicable, the rate or frequency of the additional pension Contributions the person has elected to pay under these Regulations.

the Public Sector Pensions Authority must write to the affected Member setting out the extent and nature of the error or errors and the steps the Public Sector Pensions Authority proposes to take to correct the error.

- (5) If the Public Sector Pensions Authority has notified a Member of an error in accordance with paragraph (4) of this Regulation it may take such steps as it considers appropriate to rectify the error including, but not limited to varying his or her entitlement to benefits or contribution rates, both prospectively and retrospectively.
- (6) If contributions owed by a Member are overdue for any reason, including but not limited to a delay in a Member receiving notification confirming his or her status as a Member within a

particular Section of this Scheme, the overdue amount must be paid by deduction from the Member's contributable salary by the Department at such rate as the Public Sector Pensions Authority directs.

- (7) If, where paragraph (6) of this Regulation applies, the Member ceases to be an Active Member before the amount overdue has been paid under paragraph (6) of this Regulation, the amount outstanding becomes payable by the Member immediately and if the Member does not repay the amount owed, the Public Sector Pensions Authority may reduce his or her benefits accordingly.
- (8) The Department or the Public Sector Pensions Authority when making a decision or when giving or withholding its agreement or consent or when exercising or not exercising a power in relation to these Regulations must comply with –
 - (a) the Contracting-Out Requirements;
 - (b) the Preservation Requirements; and
 - (c) the Divorce Requirements.
- (9) Unless otherwise required to do so under the Public Sector Pensions Act 2011, the Public Sector Pensions Authority when making a decision or when giving or withholding its agreement or consent or when exercising or not exercising a power in relation to these Regulations must do so at its absolute and uncontrolled discretion.
- (10) The decision of the Public Sector Pensions Authority is final on all questions that are left to its determination or decision in relation to these Regulations and on all matters relating to the management and administration of the Teachers Superannuation Order 2011 where the Regulations silent.
- (11) Nothing in these Regulations –
 - (a) restricts the right of the Department to terminate the employment of an Employee with the Department; or
 - (b) may be used in aggravation of damages or compensation in proceedings brought by the Employee against the Department in respect of the termination of his or her employment.
- (12) If the Public Sector Pensions Authority reduces or varies the benefits under these Regulations relating to a Member with the Member's agreement, the Member's agreement binds any other

Beneficiary whose benefits under this Scheme relate to that Member.

- (13) In cases where the Public Sector Pensions Authority has made a payment and is subsequently informed of a change in pay which reduces or increases a members final pensionable pay which results in either an under or over payment of pension, transfer value, repayment of contributions or any other award made under the Scheme, unless requested to do so by the member, the Public Sector Pensions Authority will only make a revision to an underpayment of any award or payment made or seek to recover any overpayment made if the difference in the member's final pensionable pay exceeds the following de minimus levels:
- (a) Transfer Value £20
 - (b) All other awards £10.

10 Glossary of Expressions

In the table "Glossary of expressions" set out in Schedule 1 -

- (1) In the column entitled "Expression" omit the expression "club scheme" and its meaning from the column entitled "Meaning".
- (2) In the column entitled "Expression" after the expression of "death grant beneficiary" and before "disqualifying break" insert –

☒ "Department" ☒

- (3) In the same row as the newly inserted expression "Department" in the column entitled "Meaning" insert –

☒ the Department of Education, Sport and Culture. ☒

- (4) In the column entitled "Expression" after the definition of after the expression "proprietor" and before "Qualified for Retirement benefits" insert –

☒ PSPA ☒

- (5) In the same row as the newly inserted expression "PSPA" in the column entitled "Meaning" insert –

☒ Public Sector Pensions Authority. ☒

11 Transfer Values

In Schedule 6 omit Parts 1 and 2.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Teachers Superannuation Order 2011.

In Summary these Regulations:

(i) Accrual Rate

Reduce the rate at which the pension accrues for future service as follows.

- (a) for members in the Scheme before 1 January 2007 the accrual rate for pension from service built up from 1 April 2018 will be reduced from 1/80th to 1/83 .
- (b) for members who joined the Scheme after 1 January 2007 the accrual rate for pension from service built up from 1 April 2018 will be reduced from 1/60th to 1/62.5
- (c) all new joiners to the Scheme from 1 April 2018 will accrue a pension at a rate of 1/62.5

(ii) Maximum Lump Sum

The amount of maximum lump sum that can be taken in exchange for pension will increase from 25% to 30% of the value of the member's pension. For pre 1 January 2007 members the automatic lump sum of 3 x pension will remain.

(iii) Nomination of a surviving nominated partner

This amends the Regulations to permit the PSPA discretion to award a partner pension to a partner who may have been in a partnership for less than 2 years.

(iv) Meaning of a "surviving adult"

This amendment permits the PSPA to award of a partner pension to a surviving adult dependent, who whilst meets the criteria as described in Rule 90 (2) had not formally been nominated by way of a signed declaration with the member prior to the member's death.

(v) Adult Pensions

This equalises the arrangements for the surviving adult dependent of pre 2007 members to those in place for post 2007 members, in that their survivor benefits are not stopped should they remarry, enter a civil partnership or live with a partner as if they were husband and wife or civil partners.

(vi) Overpayment of Benefits

This is an administrative regulation, outlining the process and procedures the PSPA will take in the event that benefits are overpaid from the Scheme.

(vii) Overriding Provisions

This is an administrative regulation, outlining the process and procedures the PSPA will take in certain events relating to the administration of the Scheme.

(viii) Glossary of Expressions

These are administrative in nature and wither update existing expressions in the Scheme or to provide a glossary for additional expressions as stated in the amending Order.