

## **IMPORTANT**

### **HYMANS ROBERTSON REPORT**

#### **BRIEFING ON PUBLIC SECTOR PENSION PROPOSALS**

A major review of the pension arrangements for public servants on the Isle of Man was published this month. This review may form the basis of discussions between the government and unions on pension provision for public sector workers on the island.

The review is available online

<http://www.gov.im/lib/docs/cso//080507iompublicservantspensions.pdf>

This note summarises the main recommendations. It is important to be aware of the changes being proposed and to let your union representatives know your views about them so Prospect can fully reflect our members' opinions in any reply to the government.

The report's main recommendations are:

- lower cost final salary pension schemes for public sector workers
- "safety valves" for risk-sharing between employees and employers
- one single scheme for public sector workers that is pre-funded and operated under trust deed and rules by a trustee board
- break the "by analogy" link with UK schemes and withdraw from UK public sector transfer club

The proposed new public sector pension scheme would apply to all existing and new employees in the civil service and health sector. It would be a final salary scheme with

- an accrual rate of 1/60<sup>th</sup> (no automatic lump sum)
- normal pension age of 65
- member contribution rate of 5%
- limited inflation protection for pensions in payment

Overall, this proposed scheme would save the government over 4% of pensionable pay compared to members' existing pension provision.

The other recommendations involve complex technical changes to members' pension schemes but are unlikely to have as much impact on members as the proposed reductions in the value of their pension provision.

**Neil Walsh, Prospect Pensions Advisor will be visiting the Isle of Man on 10 and 11 July 2008 and we will be organising briefings in conjunction with the Superannuation Section to answer all your pensions questions.**

Further details on these will be circulated soon. In the meantime please contact your local rep in the first instance with any initial comments or views you have on these proposals.