

A simple comparison of some of the key provisions of different types of pensions which can be established under Isle of Man Tax Legislation.

The table summarises the basic position and has been prepared for indicative purposes only. In all cases reference should be made to the applicable legislation and to the terms of the documents constituting a particular Pension Scheme.

Source – Isle of Man Treasury, Income Tax Division

	<b>The 2018 Scheme</b>	<b>The 1978 DC Scheme</b>	<b>The 1978 DB Scheme</b>	<b>The 1989 Scheme</b>
<b>Relevant tax legislation</b>	The new 2018 Scheme under section 61 of the 1970 Income Tax Act	Income Tax (Retirement Benefit Schemes) Act 1978	Income Tax (Retirement Benefit Schemes) Act 1978	Income Tax Act 1989
<b>Type of scheme</b>	Occupational Defined Contribution and/or Personal Schemes.	A Defined Contribution Occupational Pension Scheme.	A Defined Benefit Occupational Pension Scheme.	Personal Pension Schemes.
<b>Can you take a tax free lump sum at retirement</b>	Yes – you can take a one off 40% of the actual value of the fund at the time of payment.	Yes – you can take between 0 and 30% of the actual value of the fund at the time of payment.	Yes – you can take between 0 and 30% of the total value of the fund. The 'total value' will normally not exceed 20 times the annual rate of pension payable by the approved scheme on the nominated date.  For many DB schemes the annual pension payable will reduce if a lump sum is taken.	Yes – you can take between 0 and 30% of the actual value of the fund at the time of payment.

	<b>The 2018 Scheme</b>	<b>The 1978 DC Scheme</b>	<b>The 1978 DB Scheme</b>	<b>The 1989 Scheme</b>
<b>Earliest Benefits withdrawal age [other than in cases of serious health problems]</b>	Age 55	Generally, a scheme must specify a retirement age between age 60 and age 70. Benefits can be payable on retirement within ten years of the specified retirement age.	The scheme must specify a retirement age between age 60 and age 70. Benefits can be paid on retirement within ten years of the specified age.	Age 50
<b>Maximum Benefits withdrawal age</b>	There is no maximum retirement age	Generally, the scheme must specify a retirement age of age 70 or less. Withdrawal payments must begin no later than age 75.	The scheme must specify a retirement age between age 60 and age 70. Benefits can be paid on retirement within ten years of the specified age.	Age 75
<b>Transfer Out fee</b>	There is no pension transfer fee on pension transfers out of a 2018 Scheme.	No transfer fees are charged on pension transfers from 1978 schemes to other schemes with the exception of a 2018 Scheme. A pension transfer fee of 10% of the fund value being transferred into the 2018 Scheme will be charged.	No transfer fees are charged on pension transfers from a 1978 DB scheme to other schemes. Pension transfers from 1978 DB schemes to a 2018 Scheme are prohibited.	No transfer fees are charged on pension transferred from 1989 Schemes to other schemes with the exception of a 2018 Scheme. A pension transfer fee of 10% of the fund value being transferred into a 2018 Scheme will be charged.
<b>Triviality</b>	There is no triviality limit - all benefits can be accessed subject to payment of the appropriate tax charge.	From 6 April 2018 the triviality limit is £100,000.	From 6 April 2018 the triviality limit is £100,000.	From 6 April 2018 the triviality limit is £100,000.

	<b>The 2018 Scheme</b>	<b>The 1978 DC Scheme</b>	<b>The 1978 DB Scheme</b>	<b>The 1989 Scheme</b>
<b>Fund Remnant</b>	There is no specific fund remnant limit - all benefits can be accessed from age 55 subject to payment of the appropriate tax charge.	From 6 April 2018 the fund remnant limit is £100,000 for pensions already in payment or, £142,857 for untouched pension schemes which can take Pension Commencement Lump Sums of 30%.	From 6 April 2018 the fund remnant limit is £100,000 for pensions already in payment or, £142,857 for untouched pension schemes which can take Pension Commencement Lump Sums of 30%.	From 6 April 2018 the fund remnant limit is £100,000 for pensions already in payment or, £142,857 for untouched pension schemes which can take Pension Commencement Lump Sums of 30%.
<b>Dependent Benefit Options</b>	Section 61 1970 Act states that the purpose of the scheme is for the provision of relevant benefits. Relevant benefits can be paid out of a 2018 Scheme either all at once or over a number of payments. The member has the option to instruct the scheme administrators, subject to the scheme rules, to expand relevant benefit provisions to provide widow(ers) and dependents benefits.	1978 legislation states that widows and dependants benefits should be included within the scheme. The actual structure of these benefits will vary between different pension schemes.	1978 legislation states that widows and dependants benefits should be included within the scheme. The actual structure of these benefits will vary between different pension schemes.	1989 legislation states that widows and dependants benefits should be included within the scheme. The actual structure of these benefits will vary between different pension schemes.
<b>Compulsory Annuity Purchase Options</b>	N/A unless this is specifically written this into the scheme rules.	Benefit paid via Income Drawdown or by way of an Annuity.	Benefit paid via pension payments from the scheme or by way of an Annuity.	Benefit paid via Income Drawdown or by way of an Annuity.
<b>Investment Practice</b>	Practice Note 166/10 sets out Guidelines issued by the Assessor relating to Investments from any Isle of Man approved pension scheme.			

	<b>The 2018 Scheme</b>	<b>The 1978 DC Scheme</b>	<b>The 1978 DB Scheme</b>	<b>The 1989 Scheme</b>
<b>Investment restrictions</b>	The Assessor issued Practice Note 166/10 which sets out guidelines for Isle of Man Approved Pension Schemes - Investments. The scheme trustees can only accept investments into a pension scheme which fall within these guidelines. However, investment advice can only be given by Independent Financial Advisers.			
<b>Income Tax reporting requirement</b>	From 6 April 2018 all pension contributions made by employers in excess of £10,000 have to be reported to the Assessor by the scheme administrator no later than 30 days after the end of the tax year. An administrator who fails to comply within this timeframe shall be guilty of an offence.			

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