



Isle of Man

Standalone Group Life Insurance

A quick guide

Read in conjunction with our Life Insurance policy User Guide UP1126

- Isle of Man registered companies
- Isle of Man resident employees/directors only
- Unum insure lump sum benefits only
- Set up as “wholly insured death benefit only scheme”
- Approval for the scheme under the Income Tax (Retirement Benefit Schemes) Act 1978 is required by the Assessor of Income Tax
- Excluded from the need to register with the Financial Services Authority to be treated as an authorised retirement benefits scheme (under the Retirement Benefits Schemes Act 2000)

Taxation

- For tax purposes, premiums paid by you to cover your employees are treated as a business expense and are not treated as a benefit-in-kind for employees.
- Lump sum benefits paid by the trustees are free of Isle of Man taxes for beneficiaries.

This is based on our understanding of Isle of Man tax rules applying to wholly insured death benefit only schemes. You should take advice from an independent financial adviser to ensure you understand the impact of tax on your policy and the benefits it provides.

Assessor limits and requirements

Employees and directors only (no partners of a Manx partnership) – resident in Isle of Man
Cover cease age up to 75
Secondment in Isle of Man – cover for up to 3 years (or as agreed by the Assessor)
Ceasing to be resident for tax in Isle of Man – may remain a member if agreed by the Assessor
Overseas secondment - may remain a member if agreed by the Assessor
Maximum lump sum of 4 times final remuneration Final remuneration can broadly include basic annual salary and fluctuating emoluments (excluding dividends, salary sacrificed amounts and termination payments)
Administrator – must be Isle of Man resident - and approved by the Assessor
Temporary absence cover is provided for up to 3 years Benefit increases during temporary absence allowed in line with RPI
Early retirement - cannot remain a member
Redundancy - cannot remain a member

New scheme

A scheme needs to be submitted and get an Approval letter from the Assessor, a sample letter to request approval follows. A copy of the insurance policy and details of the nominated Isle of Man Administrator are required as part of this process.

Participating employers

Participating employers (must be Isle of Man based) need to be approved by the Assessor.

Deed of Participation – copy needed by Assessor

(Deed terminating participation – copy needed by Assessor)

Secondment - Overseas working

Membership while working away from the Isle of Man employer needs to be approved by the Assessor.

Changes

Changes to an Approved scheme made by deed need to be submitted to get a Continuing Approval letter from the Assessor

Trustee changes

Copy of deed and details of new trustees needed by Assessor.

Administrator change

Copy of deed and details needed by Assessor.

DRAFT TRUST wordings

- Trust Deed - no separate 'rules' required as the trust relies on the policy provisions for the eligibility and benefits provided
- Deed of Participation - if the trust is covering 2 or more companies, the principal employer needs to complete with other participating employers

These wordings prepared by Unum meet the criteria for approval of the scheme under Isle of Man legislation (wef 28/02/2018) covering death in service schemes.

If you seek to make any changes to the deed you should seek advice from your legal advisers; make any relevant changes by deed and ensure that you forward these changes to the Assessor to maintain the ongoing approval of the scheme.

SAMPLE letter to Assessor of Income Tax (from trustees/company)

Engage as soon as possible - it must be before the scheme start date if you are using your own trust wordings or using an amended version of the Unum trust, agreed as appropriate with the Assessor of Income Tax.

Mr N Brown
Pensions Officer
Income Tax Division, Treasury
Isle of Man Government
Government Office
Douglas, Isle of Man
IM1 3TX

Or email to: nigel.brown@itd.treasury.gov.im

TheGroup Life Plan

We present details of this group life scheme to gain approval under the Income Tax (Retirement Benefit Schemes) Act 1978 (of Tynwald).

- The scheme commencing date is (date)
- The nominated Isle of Man Administrator of the scheme is
and their address is
The Administrator's position within the business/company is
The contact details for the Administrator are/.....
- The sole purpose of the scheme is to provide a lump sum on the death of an employee or director
- As a wholly insured death benefit only scheme – the scheme is excluded from the need to register with the Financial Services Authority to be treated as an authorised retirement benefits scheme (under the Retirement Benefits Schemes Act 2000)
- The initial policy for the scheme is insured with Unum Limited
- A copy of the insurance policy is provided as part of this review
(If the terms of the insurance policy are amended, these will be presented to the Assessor for review and appraisal.)
- Copy attached of the scheme's discretionary trust – scheme assets are limited to insurance policies
This is the agreed Trust Unum 022018 un-amended
This is the agreed Trust Unum 022018 – amended in
- Deed of Participation is attached for XYZ Company Limited which is a participating employer based in the Isle of Man
We wish to confirm your approval to their participation.
The relationship with the principal employer is
- We also want agreement to include some employees who are on Secondment in the Isle of Man
– cover for up to 3 years (or as agreed by the Assessor)
The details of the employees, the seconding employer and the relationship and their date of starting secondment are
- We also want agreement to include some employees who are on Overseas Secondment
The details of the employees, the seconding employer and the relationship are
- We also want agreement to include some employees who have ceased to be resident for tax in the Isle of Man
The details of the employees, their roles, their country of residence and their date of cessation of Isle of Man residence are