

CIVIL SERVICE PENSIONS – IMPORTANT UPDATES

- **Index linking**

Please note that Civil Service pensions will be index linked according to the Consumer Prices Index (CPI) from April 2011. Instead of the Retail Prices Index (RPI)

nuvos pensions will also be uprated annually using the CPI.

- **Pensions tax relief**

The rules governing tax relief on pensions will change from 6 April 2011, to apply in the tax year 2011-12. The changes restrict tax relief to the most highly paid.

The Annual Allowance limit will be reduced from £255,000 a year to £50,000 a year.

The HM Revenue and Customs website contains guidance and details of how the rules apply. www.hmrc.gov.uk/pensionschemes

www.civilservice.gov.uk/pensions

www.civilservice.gov.uk/pensions

This booklet is published by Civil Service Pensions.



© Crown Copyright January 2010

Printed by St Ives Direct **PPS**

premium pension scheme





Contents

Introduction	3
Paying for your pension	4
How your pension is worked out	6
Joining up previous pensions	8
Boosting your pension	10
Leaving the scheme (before retiring)	11
Retiring	13
Benefits for your dependants	15
Other information	18
Technical terms	21

Note: This booklet does not cover every aspect. Full details are contained in the rules, which are the legal basis of the scheme. Nothing in this booklet can override them and, in the event of any difference, the rules will apply. You should bear in mind that the booklet is based on the rules in force at the time of publication; your pension benefits will be worked out using the rules relevant to your period of service.

Where we have had to use technical terms, we show them in bold and explain them in the back of the booklet.



Introduction

What is **premium** and who can get it?

premium is an occupational **defined benefit** pension scheme. It provides a way of saving for your retirement. Over the years, you and your employer both make contributions to the scheme. When you retire, we pay you a pension based on the years you contributed to the scheme and on your **pensionable earnings** in your final years of service.

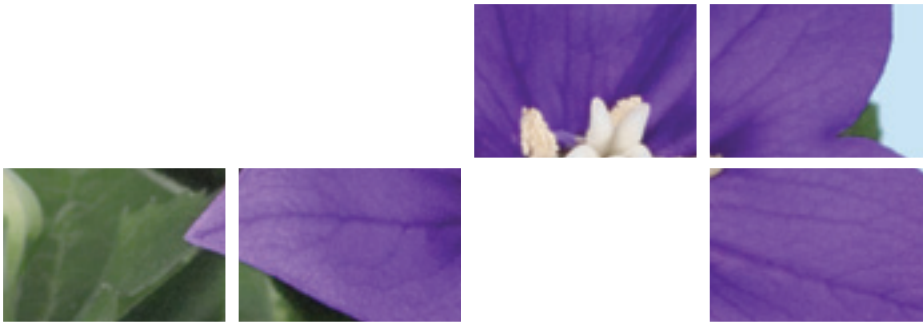
premium was closed to new entrants from 30 July 2007 onwards but is still offered to people who are re-employed by an organisation that participates in the Civil Service pensions arrangements and who:

- resigned or was made redundant from their previous Civil Service employment
- have a **preserved premium, classic** or **classic plus** pension
- are returning within five years (so long as the break between the employments has been more than 28 days)
- are not receiving their Civil Service pension.

Rejoiners who left with an exit package of some sort, for example, received a redundancy payment, may also be offered **premium** although they may have to repay some or all of that payment, depending on the length between employments.

If someone rejoins within 28 days, they rejoin the pension scheme they were in; in effect, they are treated as if their service is continuous (so long as they aren't receiving their pension).

People who left their previous Civil Service post because of ill health retirement and are receiving an upper-tier pension are not eligible to rejoin or become a member of any of the Civil Service pension schemes.



Paying for your pension

How much must I pay?

You must pay contributions, currently 3.5% of your **pensionable earnings**.

What earnings are pensionable?

As a general rule, only permanent items of pay are pensionable. This includes any allowances that your employer tells you are pensionable, but will not include payments such as overtime.

Bonus payments do not normally count as **pensionable earnings**. But if you receive pensionable bonus payments, both you and your employer will pay contributions on them.

You may also have some non-cash **pensionable earnings** – for example, some people's pensions will take account of a uniform allowance, and others may have an allowance for accommodation. In these circumstances you and your employer will also pay contributions based on the equivalent cash value of these non-cash **pensionable earnings**.

If you are on reduced pay during maternity leave (and in certain other circumstances) your employer will make contributions based on the pay that you would have expected if you were not off work. Your contributions will be based on your reduced pay.

If you are a high earner, you need to be aware that there are limits on your pension contributions and their

resulting benefits. If you exceed the limits you will have to pay extra tax.

You also need to be aware that your **pensionable earnings** may be limited to the '**earnings cap**' unless you joined the Civil Service pension arrangements before 1 June 1989. Your **pensions administrator** can give you more information.

How much will my employer pay?

Your employer makes significant contributions to your **premium** pension. The contributions are set at a level advised by the **scheme actuary** to provide enough funds to pay the pension as promised.

Do I get tax relief?

You pay your contributions out of your gross pay (before income tax), so the cost to you is reduced.

Examples

1. Dave earns £18,000 a year (£1,500 a month).

Dave's **premium** contributions are £52.50 a month (3.5% of £1,500) but the net cost to Dave each month will only be £42 as he will get tax relief on these contributions. Dave pays tax at the basic (lower) rate so he will get tax relief at 20%*.



2. Surinder earns £60,000 a year (£5,000 a month).

Surinder's **premium** contributions are £175 a month (3.5% of £5,000) but the net cost to Surinder each month will only be £105 as she will get tax relief on these contributions. Surinder pays tax at the higher rate so she will get tax relief at 40%*.

* Examples are based on HMRC tax rate for year 2008-09.

What about National Insurance?

premium is 'contracted-out' of the state scheme. This means that both you and your employer pay National Insurance contributions at the lower rate. Employers who provide pension schemes that are contracted out of the **State Second Pension (S2P)** have reference numbers. The following numbers are relevant to your employment:

- Employer's contracting-out number:
E3900004Y
- Scheme's contracting-out numbers:
S2730001D

You will not build up any rights to **(S2P)** while you are a member of **premium**, although you will still get the basic State Retirement Pension if you have paid enough National Insurance contributions.

What if I have periods off work?

You can usually only pay contributions and build up **reckonable service** if you are actually working. The main exception to this is certain periods of statutory maternity leave which count as **reckonable service**.

If your employer allows you to take a career break you will continue to be a member of the scheme although neither you nor your employer will pay contributions and you will not build up **reckonable service** during this period.

If you are off work on long-term sick leave you will continue to build up **reckonable service** while you are receiving sick pay at full or half pay.



How your pension is worked out

We work out your pension as 1/60 of your **final pensionable earnings** for every year of **reckonable service** in the scheme.

Example

Mohammed leaves **premium** after 20 years' **reckonable service**. His **final pensionable earnings** are £18,000 a year.

Mohammed's **premium** pension
 = $1/60 \times 20 \times £18,000 = £6,000$ a year

The maximum length of **reckonable service** that can count towards your pension is 45 years. However, before 1 March 2008, the number of years was restricted to 40 years. So, if you had built up 40 years before 1 March 2008, you could not build up any more pension until after that date.

If you were a member of **classic** on 30 September 2002 and chose to join **premium** from 1 October 2002 your **reckonable service** in **classic** will have been converted into **premium reckonable service**. You will have been told at the time how many years of **reckonable service** you would receive in **premium** in exchange for your years of **classic reckonable service**.

In most cases the conversion rate will have been 0.92 years of **premium reckonable service** for every year in **classic** but, depending on your circumstances, you may have had slightly less.

What if I work part-time?

If you work part-time we will work out your pension by using a full-time equivalent rate for your **pensionable earnings** and by counting your **reckonable service** on the basis of the time you actually work. This gives a fair result as it allows us to add together periods of full-time and part-time service. In particular, you are not disadvantaged if you move to part-time working in the run-up to your retirement.

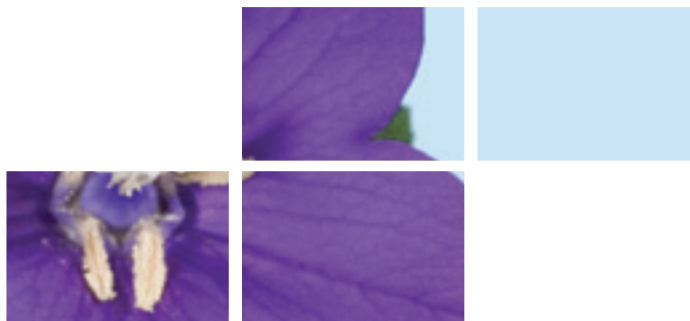
Example

Jenny works full-time for 25 years and then works part-time (18 hours a week instead of the full-time 36 hours) for 10 years. When Jenny retires, her actual **pensionable earnings** in the last 12 months are £10,000.

Jenny's final **pensionable earnings**
 = $£10,000 \times 36/18 = £20,000$

Jenny's **reckonable service**
 = $25 + (10 \times 18/36) = 30$ years

Jenny's pension = $1/60 \times £20,000 \times 30$
 = £10,000 a year



How will I know what my pension will be?

Each year, your **pensions administrator** will send you an **annual benefit statement** which will show how much pension you have earned to date, and your projected pension to scheme **pension age**, based on your current salary. The statement shows your personal details on which the projections are based, so that you can check that these are correct.

When you approach **pension age** you will receive a statement of the benefits payable to you. If you leave before **pension age** you will continue to receive an **annual benefit statement** (providing you keep your address up to date).

Do I get a tax-free lump sum?

At the time you retire you can choose, under current rules, to give up part of your pension for a tax-free lump sum. You can choose how much lump sum you want, up to a maximum of $30/7 \times$ your pension, but you must give up £1 of pension for each £12 of lump sum.

You can find out how much lump sum you can take, and the effect it will have on your pension by using the calculator on the Civil Service website (or you can ask your **pensions administrator** to do this for you if you do not have access to the calculator).

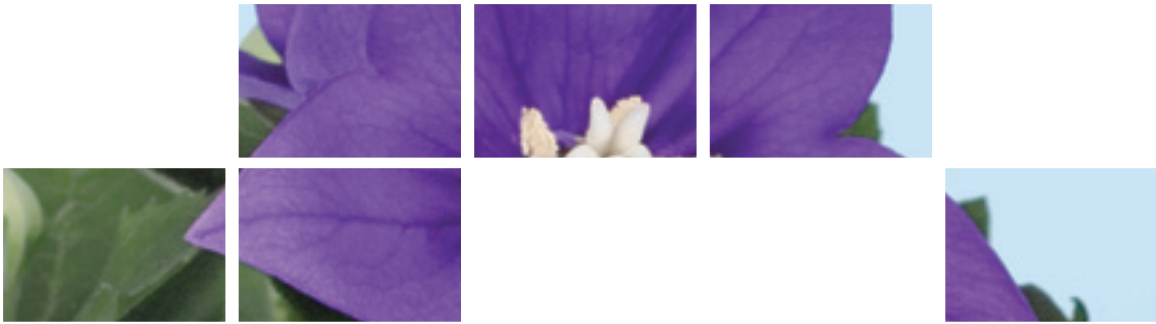
Example

Tom retires after 30 years' service with a pension of £10,000 a year.

He has an option to take a tax-free lump sum of up to £42,857.14. If Tom chooses to take the maximum tax-free lump sum, he will have to give up a pension of £3,571.43 a year. This means that Tom can choose:

- a pension of £10,000 a year; or
- a maximum single tax-free lump sum of £42,857.14 plus a pension of £6,428.57; or
- some other combination of pension and lump sum up to the maximum allowed.

Reducing your annual pension in this way generally has no impact on your dependants' pensions as these are based on your pension before you give any up for a higher lump sum. However, if you are aged 75 or over when you die, the tax rules on pensions will restrict the total of any dependants' pensions payable to a maximum of the amount of your pension at the date of your death. As taking a higher lump sum reduces your pension, this might lead to your dependants' pensions being reduced if you die after reaching 75, but this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education).



Joining up previous pensions

I have a pension from another scheme. Can I bring this into premium?

You can bring in a **transfer value** from another occupational pension at any time up to the point the administrative process starts for you to take your **premium** pension. Ask your previous employer for a transfer value quote and send it to your **pensions administrator**. Your **pensions administrator** will then give you an estimate of the **reckonable service** that the transfer value will buy in **premium**. You should be aware that we can only accept transfer values if your previous scheme gives us certain undertakings. If your previous scheme will not give us these, we cannot accept a transfer value.

You can also bring a transfer in from a non-occupational pension scheme (for example, a personal pension or a deferred annuity contract) but you must do this within 12 months of being eligible to join **premium**.

My previous employer's scheme is in the Public Sector Transfer Club. What does this mean?

The Public Sector Transfer Club (PSTC) offers employees who move between Club employers the opportunity to transfer their pension benefits on special terms. Club terms are only applied when someone moves employment on a voluntary basis. There is more information about the Club on our website, including a leaflet 'The Public Sector Transfer Club – a guide for scheme members'. If you join the Civil Service and want to bring in a transfer from a scheme in the PSTC, you must do this within 12 months of being eligible to join **premium**.



I have a preserved pension from when I previously worked in the Civil Service. What happens to that?

If you have **preserved** benefits in **classic**, **classic plus** or **premium** from a previous period of employment, you can either leave your earlier pension preserved or you can aggregate (join up) your earlier period of service with your current service for a single pension based on your **final pensionable earnings** when you next leave the scheme.

If your earlier service was **classic** or **classic plus**, please note that service will be reduced slightly to take account of better benefits offered by **premium**.

If you leave your benefits preserved we will continue to increase it in line with increases in the **Retail Prices Index**.

If you want to aggregate your service you must make your choice within 12 months of being eligible to join (or rejoin) **premium**. You will not be given another chance.

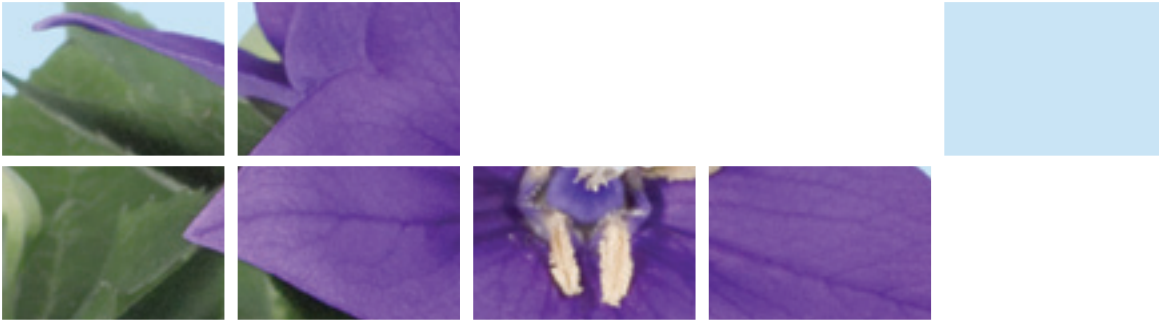
Talk to your **pensions administrator** to find out more.

Example

Sue leaves the Civil Service with a **preserved premium** pension of £3,000, built up over 10 years. This pension grows with inflation to be worth £3,300. On rejoining, Sue must choose between:

- keeping her pension preserved and having her new period of service pensioned separately; or
- cancelling her preserved pension and adding 10 years to her **reckonable service** in her new job.

Sue will need to consider which option is likely to give her the best pension. In particular, she needs to consider whether she expects her **final pensionable earnings** when she next leaves to be higher than her previous **final pensionable earnings** increased by price inflation. Sue also needs to remember that if she leaves her pension preserved she will have to wait two years before she will qualify for certain pension benefits from her new service.



Boosting your pension

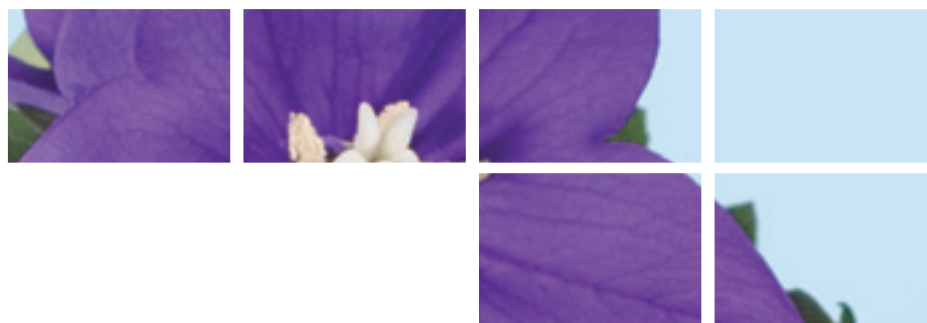
Can I pay more for a bigger pension?

You have a range of options:

- ‘Added pension’ is a fixed amount of pension that you can buy. It is **index-linked** every year both before and after it comes into payment. Added pension will provide the same sort of benefits as your main **premium** pension – so, for example, it will include the option to take a lump sum.
- you can pay Additional Voluntary Contributions (AVCs) to the Civil Service Additional Voluntary Contributions Scheme (CSAVCS). We have appointed two AVC providers – Scottish Widows and Standard Life – who, between them, offer a range of investment options. We have negotiated competitive charges with these providers. You choose which provider you want to invest your CSAVCS, and the fund or funds to invest in. You can use your CSAVCS to buy yourself extra pension from age 55 (or 50 if you had a CSAVCS before 6 April 2006) until the day before your 75th birthday. You can take up to 25% of your fund as a tax-free lump sum subject to the **Lifetime Allowance**. You do not have to take your CSAVCS at the same time as your Civil Service pension as long as it is before your 75th birthday.

- you may, if you wish, contribute to a **stakeholder pension**. You can choose our designated provider, Standard Life, or any other provider. Stakeholder pensions work in a similar way to AVCs, except you can draw your pension whenever you like between the ages of 50 (55 from 2010) and 75 and you can take up to 25% of your fund as a tax-free lump sum when you retire.

It was possible, up to 29 February 2008, to buy ‘added years’ of service. If you have an existing added years contract and want to know more about it, please contact your **pensions administrator**.



Leaving the scheme (before retiring)

What if I resign?

If you have at least two years' service we will give you the choice of **preserving** your pension or of taking a **transfer value** to another pension scheme. If you **preserve** your pension, it will increase every year in line with inflation and then be paid when you reach **pension age**. You can get your pension at any time after 50 if you joined **premium** before 6 April 2006, or after 55 if you joined on or after that date. However, your benefits are worked out using the scheme **pension age** so we will reduce the pension because of early payment.

If you have less than two years' service when you leave, we will either:

- refund your contributions, less tax. We will also make a deduction from your refund to pay for part of the cost of putting you back into **S2P**, or
- transfer the value of the benefits you have built up to another pension arrangement. You must tell your **pensions administrator** if you want this to happen. Be aware that time limits and other restrictions apply. Your **pensions administrator** can give you more information about this.

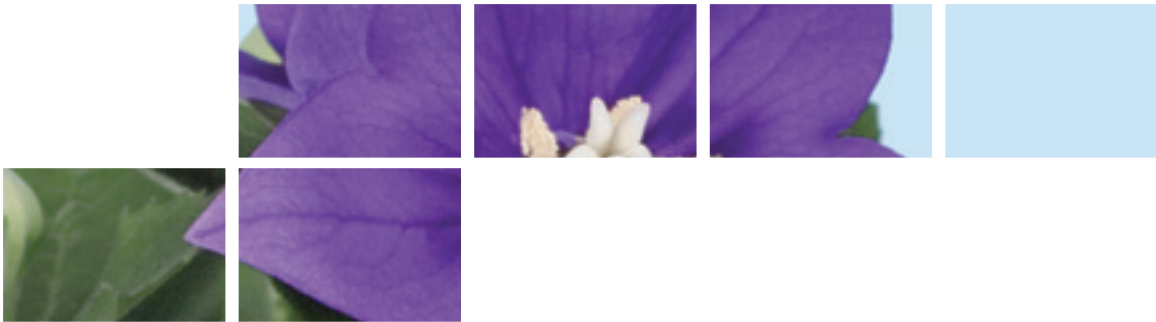
What happens if I become too ill to work?

If you have to leave the Civil Service before scheme **pension age**, and our medical adviser agrees that you cannot do your job because your health has broken down permanently, we may pay you your pension. We will pay your pension without making any reduction because of leaving early and, if you have very short service, we may give you extra years of service. If our medical adviser believes that your ill health is so severe that you are unlikely to work again, we may also give you all the extra years of service you would have expected to have had if you had worked to the scheme **pension age**.

There is one other condition and that is you usually need to have worked for your employer for at least two years.

What happens if I am made redundant?

Your employer will pay you compensation for loss of employment under the Civil Service Compensation Scheme. You can get information on what the scheme provides from your **pensions administrator**.



I no longer want to be a member of premium

If, having joined **premium**, you wish to 'opt out', you can do so at the next available pay period. We advise you to think very carefully about what you are giving up. Before you make a decision, please look at our 'Opting out' fact sheet on the Civil Service website:

www.civilservice.gov.uk/pensions

You may also wish to consult an Independent Financial Advisor.

If you do decide to opt out, please contact your **pensions administrator** who will ask you to confirm your decision in writing.

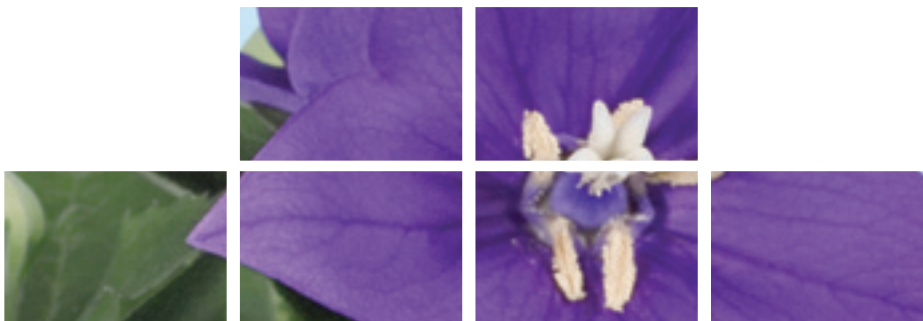
Once you have opted out, you can rejoin at a later date in your service if you wish but you will only have one opportunity to opt back in.

I would like to change my pension arrangements

As long as you joined **premium** on or after 1 October 2002, you will have one opportunity to switch from **premium** to **partnership**. There is one exception: **classic** members in post on 30 September 2002 and who moved to **premium** on 1 October 2002 may not switch.

You will have one opportunity to switch back from **partnership** to **premium**.

You can only switch either on 1 April or on 1 October each year and you must give your **pensions administrator** three months' notice in writing.



Retiring

When can I get my pension?

The scheme currently has a **pension age** of 60. This is the earliest that you can usually get your pension without it being reduced for early payment. You can apply to retire at any time from the age of 50 if you joined **premium** before 6 April 2006, or after 55 if you joined on or after that date. However, because your pension will be paid for more years, we will reduce it. Typically, we will reduce your pension by around 5% for each year before **pension age**. This reduction to your pension is permanent.

It will help if you agree your last day of service with your employer as far in advance as you can. Your employer will notify the **pensions administrator** who will send you an estimate of your pension benefits, plus a Personal Details Form – this is, effectively, your pension claim form. You should check the details, complete and sign the form, and return it as quickly as possible.

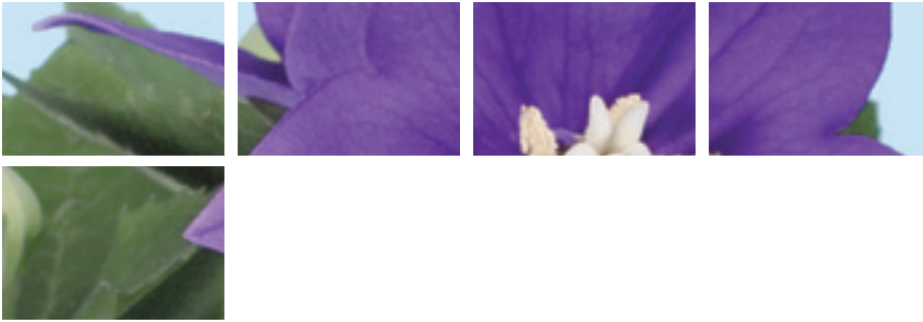
Will you increase my pension?

We will increase your pension every April in line with the rise in the **Retail Prices Index**.

Can I continue to work and get my pension?

Partial retirement allows you, with the agreement of your employer, to draw some or all of your **premium** pension and remain in work. Your employer has to consider the needs of the business first. Because of this, you do not have an automatic right to partial retirement.

Partial retirement involves ‘reshaping’ your job so that your earnings reduce by at least 20%. You must apply to take partial retirement no later than 3 months after your employer has agreed to reshape your job.



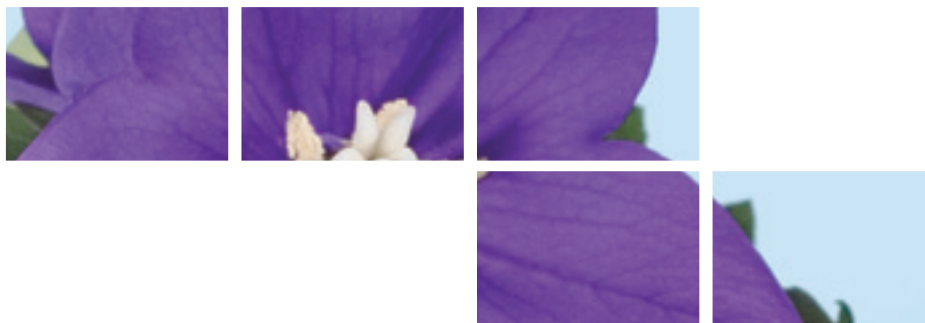
Can I give some of my pension benefits to someone else?

Yes, you have the option to give up part of your pension to provide benefits for another person. This is known as 'allocation' of pension. You may choose to add to the benefits you have already provided for your husband, wife or civil partner, or to provide for another person who is dependent on you.

You need to remember a number of points about allocating part of your pension.

- You must be eligible.
- You give up part of your pension permanently.
- You can only allocate at final retirement; it is not possible to allocate when you take partial retirement.
- You must make your allocation decision before we start to pay your final pension.
- You cannot change or cancel the allocation, even if the person who would have received the benefits dies first.
- The pension you allocate is payable for life and is not affected if you get married again or enter into a civil partnership.

Contact your **pensions administrator** if you are interested in allocating your pension.



Benefits for your dependants

What happens if I die in service?

We will pay a sum of three times your pay to the person (or people) you have named on your death benefit nomination form. (We tell you more about this form later in the booklet.)

As long as you have been in the scheme for at least two years we will give your widow, widower or civil partner a pension. We will work this out as 3/8ths of your pension (this is the same as a 1/160th of your **final pensionable earnings** for each year of **reckonable service**). If you die in service we will grant some extra years of **reckonable service**, up to ten years.

Once your husband, wife or civil partner is receiving a pension it will continue for the rest of their life, and we will increase it every year in line with the increase in the **Retail Prices Index**.

Example

Sandra dies in service, aged 45. She has 20 years' service and **final pensionable earnings** of £20,000 a year. Sandra leaves a civil partner, Nicola.

We base Nicola's pension on 30 years' service – that is, Sandra's 20 years' service plus an **enhancement** of an extra 10 years.

Nicola's pension

$$= \frac{3}{8} \times \left(\frac{1}{60} \times £20,000 \times 30 \right) \\ = £3,750 \text{ a year.}$$

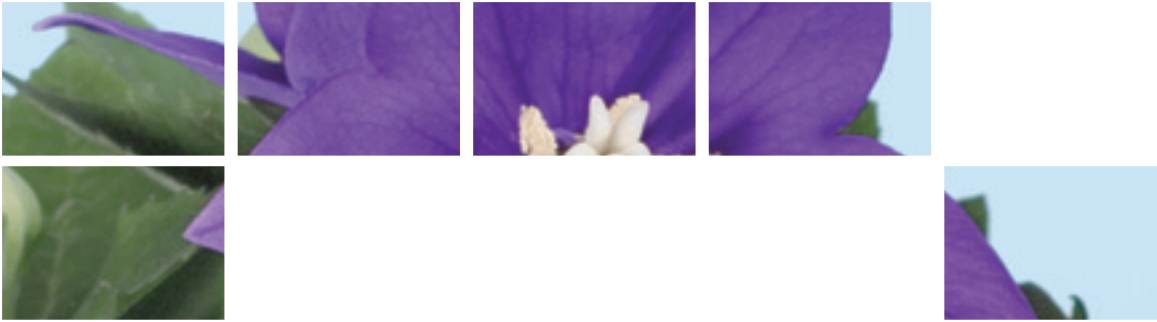
The lump sum is $(3 \times £20,000) = £60,000$ and will be paid to the person (or people) Sandra has named.

What if I die after I leave the scheme but before I start getting my pension?

If you leave the scheme and then die before receiving your pension, we usually pay the person or people a lump sum of

- five times your **preserved** pension; or
- two times your **final pensionable earnings** when you left the scheme, whichever is smaller.

We will normally pay a pension to your widow, widower or civil partner, based on 3/8ths of the pension you would have got. However, we may reduce this if you left with an ill health pension with your **reckonable service** enhanced through to **pension age**. In that case, we will base the pension for your husband, wife or civil partner on the extra years that we would have given if you had died in service on the day you retired. This is likely to (but may not) be less.



What happens when I die in retirement?

If you die within five years of starting to receive your pension, we will usually pay a lump sum to the person (or people) you have named. The amount we pay is five times your pension less any lump sum and pension you had received up to the date of your death. However, you need to be aware that if you take the maximum amount of lump sum on retirement, it will impact on this 'death after retirement' lump sum, which could be significantly reduced and, in some cases, wiped out.

Your widow, widower or civil partner will get a pension based on 3/8ths of your pension.

If you are over age 75 when you die, we will pay any outstanding balance annually, in arrears, to your nominee(s) as a pension until the five-year period has expired.

If you die more than five years after you start getting your pension we do not pay a lump sum.

I'm not married or in a civil partnership, but I have a partner

If neither you nor your partner is married to anyone else or in a civil partnership, we may pay your partner a lump sum and pension, depending on the circumstances. We work them out in the same way as we would for a husband, wife or civil partner. **You**

must make sure that you and your partner fill in a declaration as we cannot pay a pension without this.

The declaration form is in the booklet 'Pensions for partners: a guide'.

The booklet is available on

www.civilservice.gov.uk/pensions

or you can ask your **pensions administrator** for a copy.

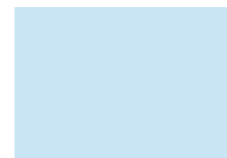
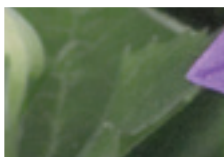
How do I nominate someone to receive benefits?

You can nominate any person, including a child, and / or an organisation (such as a bank, a trust, a firm of solicitors or accountants) to receive the death benefit lump sum. The advantage of making a nomination is that we can then pay the benefit without delay.

You must complete a Death benefit nomination form to make your nominations, which you can download from our website: www.civilservice.gov.uk/pensions or get from your **pensions administrator**.

You must send your **pensions administrator** a new nomination if your wishes or circumstances change.

You should be aware that if you have nominated your husband, wife or civil partner and the marriage/ civil partnership comes to an end, through divorce or dissolution (but not separation), the nomination will no longer be valid and you will have to make a new nomination.



Note

At the time of a divorce or dissolution, a court may order that when a scheme member, or a previous member, dies, all or part of the death benefit must be paid to the ex-husband, ex-wife or ex-civil partner. If this is the case, we will pay any balance to the person you nominated (nominee) or to the personal representative of the person who died if there is no valid nomination.

HM Revenue and Customs regulations do not take account of the death benefit lump sum when assessing liability for inheritance tax.

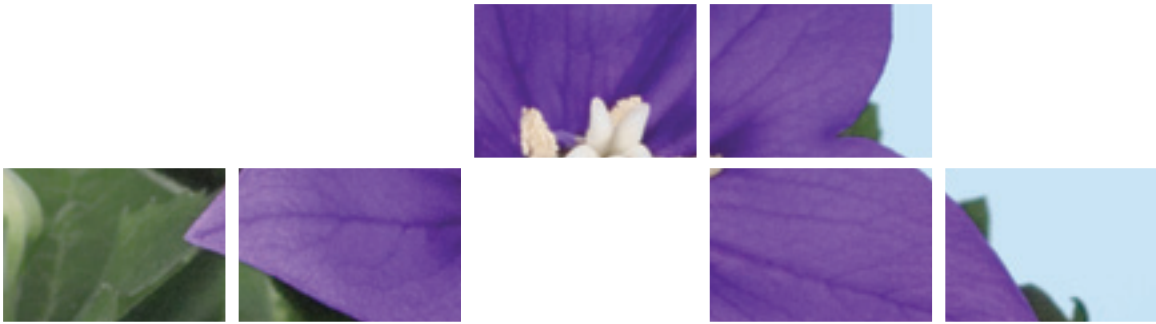
You should keep your nominations under review. Your **annual benefit statement** shows your nominated beneficiary(ies).

Will my children get a pension?

We will pay a pension to your children (and to any other children who rely on you financially) when you die.

We pay children's pensions for children up to the age of 18, or up to 23 if they are in full-time education. We will go on paying a pension after age 23 to any child who was dependent on you because of physical or mental impairment.

We work out children's pensions based on 30% of your pension entitlement if we pay a pension to your surviving husband, wife or civil partner, or 50% if you did not leave an adult dependant. If you leave more than two children who qualify for a pension we will reduce each child's pension so they each get an equal share.



Other information

What if I am re-employed in the future?

If you leave and, at some point in the future, are re-employed by an organisation that offers the Civil Service pension arrangements, you will only be able to rejoin **premium** under certain circumstances.

If you are re-employed after you started taking your pension by an organisation that offers the Civil Service pension arrangements, your pension may be reduced. You will not be able to rejoin **premium**.

Your prospective employer will be able to tell you more about this.

What if I am injured at work?

You may be entitled to benefits under the Civil Service Injury Benefits Scheme if you are injured on duty. Eligibility depends on individuals' circumstances and the nature of the accident or incident.

The injury benefit arrangements provide a guaranteed income for you if you suffer a qualifying injury that will affect your earnings in the future. The level of benefit depends on how much the qualifying injury affects your future earnings and on the length of your service.

If you are killed on duty, your widow, widower or civil partner may qualify for an income, which is guaranteed to be at least 45% of your **pensionable earnings**. We also provide an income

for dependant children.

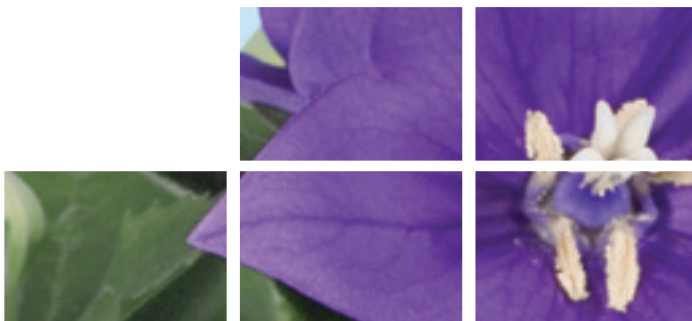
You or your family may receive personal injury compensation if you have to stay away from home overnight as part of your job and you are then seriously injured or killed while off duty.

Please note that we do not normally pay injury benefits if you are injured or killed while travelling to or from work or if you are involved in activities which are not related to your duties.

How do I complain?

If you have a problem with any part of your pension benefits, you should try to sort it out with your **pensions administrator**. Often, a phone call or an email will be enough. If you cannot sort out the problem to your satisfaction, we have a complaints procedure known as Internal Dispute Resolution (IDR). This entitles you to a written explanation from your **pensions administrator** and then, if you are still not satisfied, to have your complaint investigated by Cabinet Office.

You can also contact The Pensions Advisory Service (TPAS) as any stage during the IDR procedures. TPAS is an independent organisation set up to help with sorting out disagreements between scheme members and the administrators or trustees of their scheme.



You can write to TPAS at:
11 Belgrave Road
LONDON
SW1V 1RB.

Their email address is: enquiries@pensionsadvisoryservice.org.uk

If you have gone through IDR and your complaint has still not been resolved satisfactorily, you can contact the Pensions Ombudsman. For more information see their website www.pensions-ombudsman.org.uk.

You can write to the Pensions Ombudsman at:
11 Belgrave Road
LONDON
SW1V 1RB.

Who is the Pensions Regulator?

The Pensions Regulator is the statutory regulator for occupational pension schemes. Their task is to make sure that pension schemes are run legally. They also educate and inform and work with others to raise standards.

You can contact The Pensions Regulator by writing to them at:
Napier House
Trafalgar Place
BRIGHTON
BN1 4DW

Website:
www.thepensionsregulator.gov.uk
Email: customersupport@thepensionsregulator.gov.uk

Transferring your rights to benefits (assignment)

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlement from the scheme.

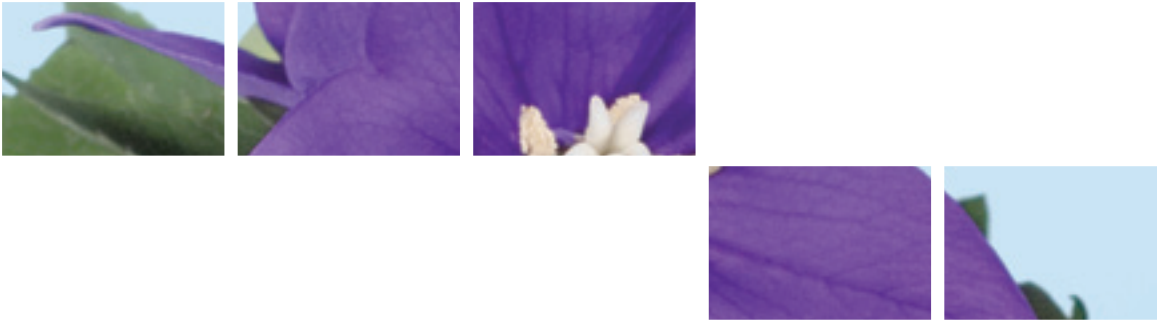
Rules

premium rules are set out in section 1 of the Principal Civil Service Pension scheme. This is a statutory scheme made under the Superannuation Act 1972.

This booklet is based on the rules current at the time of writing and there is no guarantee that any part of the rules will not change in the future.

Before we make changes to the rules, we consult with the Civil Service unions. Under the Superannuation Act we must get the agreement of the unions for any changes to the rules that affect benefits that members have already earned. Any changes we make to the rules are laid before Parliament.

You can find the rules on:
www.civilservice.gov.uk/pensions



General information

Pension tracing service

The Department for Work and Pensions (DWP) operates a central tracing agency to help people keep track of any pension arrangements they had in the past.

You can contact 'The Pensions Tracing Service' by writing to them at:

Whitley Road
Newcastle-upon-Tyne
NE98 1BA

Website:

www.thepensionservice.gov.uk

Loss of benefits

If you become bankrupt, your pension will be paid in line with the Bankruptcy Acts.

What about State benefits?

You will receive basic State Retirement Pension based on the National Insurance contributions you have paid.

How do I find out more about State pensions?

Visit the DWP website: www.dwp.gov.uk or contact your local Pensions Centre.

Finding out more

Your **pensions administrator** holds your **premium** pension details and can give you information which is specific to you. They can only give you information about **premium** and other associated information about the Civil Service pension arrangements. They do not have the authority to advise you on financial matters relating to pension decisions you may have to make. If you want help in making such decisions, we suggest you contact an Independent Financial Adviser.

To find out who is your **pensions administrator**,

- ask your employer, or
- visit:
www.civilservice.gov.uk/pensions

Publications

We have a range of booklets and leaflets covering all aspects of the Civil Service pension arrangements and associated benefits, all of which appear on the Civil Service website. Alternatively, you can ask your **pensions administrator** for hard copies.



Technical terms

Abatement

If you are re-employed by an organisation covered by the Civil Service pensions arrangements after you have taken your pension, we may reduce or stop paying your pension. This is because scheme rules require that your new salary and your pension, when added together, may not normally be more than your salary when you retired.

Annual benefit statements

These statements tell you how much pension you have built up to date and gives you an idea of the benefits that **premium** may provide you with in the future.

classic

A defined benefit occupational pension scheme based on final salary. The old Principal Civil Service Pension Scheme was renamed **classic** on 1 October 2002. It was closed to new members from this date.

Contracting-out

If you join **premium**, you will opt out or 'contract-out' of (leave) the **State Second Pension**. You and your employer will pay the lower rate of National Insurance contributions.

Defined benefit

A pension scheme where the benefits are worked out using a formula reflecting pensionable earnings and length of service.

Defined contribution

Type of pension in which benefits are dependent on contributions and the growth of the pension fund.

Earnings cap

The maximum level of pay we will use when working out pension benefits and contributions. It applies to most members who joined the Civil Service pension arrangements on or after 1 June 1989.

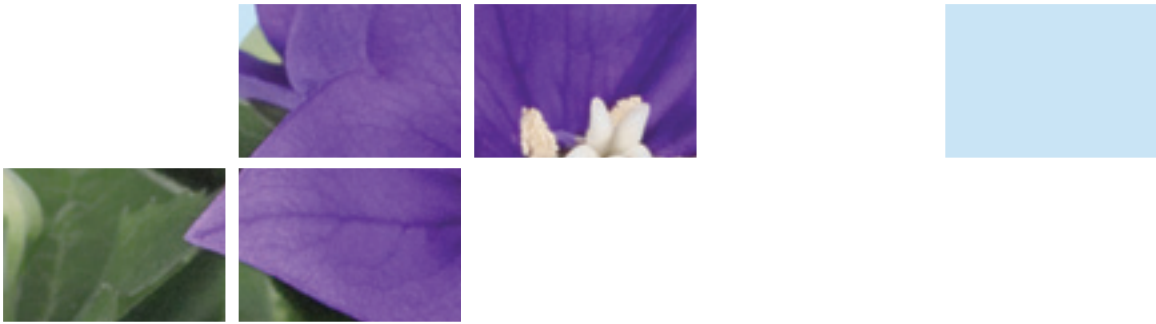
Enhancement

If you retire early because of ill health, die in service, or are made redundant, we may increase the number of years you have in the scheme when we work out your pension or Annual Compensation Payment (ACP). This is called enhancement.

Final pensionable earnings

These are the earnings on which we base your pension. Your **final pensionable earnings** will be whichever is the best of:

- your last 12 months' **pensionable earnings**; or
- your highest **pensionable earnings** in any of the last four complete scheme years; or



- your highest average **pensionable earnings** in any period of three complete scheme years during the last 13 years ending on your last day of service.

A scheme year is the period from 1 April to 31 March.

We will take account of inflation in making the comparison.

For those who receive compensation benefits or a lump sum for death in service, this will be based on the best of your permanent **pensionable earnings** in the last 12 months and the best of one of the last two scheme years. We will not make any adjustment for inflation when making the comparison.

Lifetime allowance

A limit on the total value of all pension benefits (except the State pension) that you can take without paying additional tax. The value of benefits is assessed at the time that you take your pension. It does not limit the total amount of pension benefits that an individual can receive in their lifetime.

partnership

A defined contribution (money purchase) stakeholder pension available only to entrants joining on or after 1 October 2002.

Pension age

This is the earliest age you can take your **premium** pension without it being reduced because of early payment. Pension age is currently age 60.

Pensionable bonuses

Bonus payments do not usually count towards your pension unless your employer has agreed that they can.

Pensionable earnings

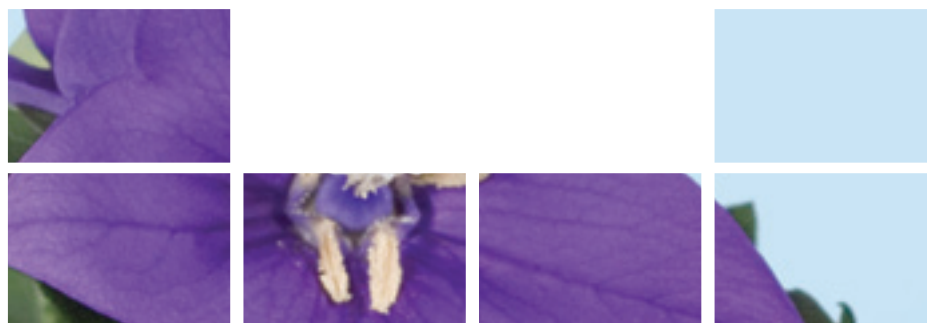
These are all earnings which could count towards your pension. They can include non-cash items, for example, uniforms or accommodation.

Pensions administrator

This is the organisation that holds your pension records and administers your pension on your employer's behalf, including working out and arranging pension payments.

Preserved benefits

We will hold (preserve) the pension benefits you have built up if you leave the scheme before pension age and have decided not to transfer them to another pension scheme. (We will only do this if you have built up more than two years' qualifying service.)



Qualifying service

This is the time you have been a member of **premium** and it qualifies you for certain benefits. For many people qualifying service is the same as the reckonable service. But for some people, like those who work part-time, their qualifying service will be more than their reckonable service.

Reckonable service

This is the number of years and days that count towards your pension. Generally, the days that you are a member of the scheme count towards your pension. Things like strike day and career breaks do not count towards your pension.

Retail Prices Index

The official index of increases in retail prices.

Scheme actuary

An adviser on financial questions involving probabilities relating to mortality and other contingencies.

Stakeholder pension

A form of personal pension.

State Second Pension (S2P)

The additional State pension (on top of the basic State Retirement Pension) that used to be called State Earnings-Related Pension. The amount you receive depends on your National Insurance contributions.

Transfer value

The value of accumulated pension rights within a pension scheme that may be used to transfer benefits from that scheme to another pension scheme.