



## Important news – changes to your classic plus pension

### Please read - this note updates the information in the booklet

- **Additional cash lump sums**

The booklet explains that one of the benefits that you will receive when you retire is a tax-free lump sum of 3 times that part of your pension that relates to service before 1 October 2002. It also explains that you can choose to give up some of your pension relating to service on or after 1 October 2002 for an additional lump sum.

The maximum lump sum that you can take has been increased. You can choose how much extra lump sum you want (up to the maximum allowed by the tax rules), but you must give up £1 of annual pension for each £12 of lump sum.

You can find out how much additional lump sum you can take, and the effect it will have on your pension by using the calculator on the Civil Service Pensions website:  
[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

Dependants' pensions are based on your pension before you give any up for a higher lump sum, so they will not be affected by the amount you take. However, if you are 75 or over when you die, and you leave two or more children under age 18 (or under age 23 if they are in full-time education), 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 may lead to your dependants' pensions being reduced if you die after reaching 75.

If you are single and eligible to receive a partial refund of WPS (widows'/widowers' pension scheme) contributions on retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund is taken into account in the maximum lump sum amount you can take.

- **A higher service limit** – the maximum length of reckonable service that can count towards your pension has increased to 45 years, regardless of your age. If you had already reached the previous 40 year limit before age 60, you can build up more reckonable service from 1 March 2008. However, any time between the date you reached the 40 year limit and 1 March 2008 will not count.
- **Added pension replaces added years** – added pension is an amount of extra pension that you can buy: it will be paid with your pension after you retire. Please see the leaflet 'Added pension for **classic**, **classic plus** and **premium**'.
- **Partial retirement** – this enables you to take some or all of your pension and carry on working, subject to conditions. Please see the booklet: 'Partial retirement – a guide for scheme members'

Publications are available to read and download from the Civil Service Pensions website or on request from Civil Service Pensions.



**PCSPS(NI)**

Principal Civil Service Pension  
Scheme (Northern Ireland)

# classic plus pension benefits explained

a guide to the benefits available



Department of  
**Finance and  
Personnel**

[www.dfpni.gov.uk](http://www.dfpni.gov.uk)



**Civil Service Pensions**

## Contents

Introduction	Page 1
Contributions	Page 2
Your pension benefits	Pages 3 - 6
Retiring	Page 7
Benefits for your dependants	Pages 8 - 10
Leaving the scheme	Page 11
Finding out more	Page 12
Contacting us	Page 13
Glossary	Pages 14 -15

## Introduction

### Welcome to classic plus

This is your guide to the valuable range of benefits to which you may be entitled as a member of the scheme. Please take some time to read through it.

This booklet contains important details of the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] **classic plus** pension scheme benefits. It is intended for those who were members of the PCSPS(NI) on 30 September 2002 and chose to join classic plus from 1 October 2002.

Throughout this booklet, 'PCSPS(NI)' includes not only Northern Ireland Government departments and agencies but also some other organisations which are allowed to belong to the PCSPS(NI). These organisations are sometimes referred to as Schedule 1 bodies because they are listed in Schedule 1 to the Superannuation Act 1972.

### What is the classic plus pension scheme?

The classic plus pension scheme is an 'occupational final-salary 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.

Your classic plus benefits are a combination of your PCSPS(NI) benefits up to 30 September 2002 and the equivalent of premium benefits from 1 October 2002.

### Do I have to remain in the scheme?

You have the right to 'opt out' of (leave) the classic plus pension arrangement. If you choose to opt out, this will take effect from the next available pay period. If you change your mind, you can apply to rejoin, in which case your new membership will be in the premium scheme.

---

### Important note

---

We explain words in **bold** in the glossary.

## Contributions

### How much must I pay?

You must pay contributions of 3.5% of your **pensionable earnings**. See below for more information on what earnings are pensionable.

In certain circumstances, you may pay contributions at a different rate. If this applies to you, your employer will explain things to you.

### How much will my employer pay?

Your employer will make contributions at a level advised by the scheme actuary to provide enough funds to pay the pensions as promised.

### What earnings are pensionable?

As a general rule, only permanent items of pay are pensionable. This will include any allowances which 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 2% uniform allowance, and others may have an allowance for accommodation.

In these circumstances, 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 to have had if you had not been off work. You will make your contributions based on your reduced pay.

If you are a high earner, you need to be aware that your pensionable earnings cannot generally be more than the 'earnings cap' unless you joined the PCSPS(NI) arrangements before 1 June 1989. The amount of the earnings cap is set every year and is £108,500 in tax year 2006/2007.

### Do I get tax relief?

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

---

#### Example:

---

Dave earns £18,000 a year (£1,500 a month). Dave's **classic plus** scheme contributions are £52.50 a month (3.5% of £1,500) but the net cost to Dave each month will only be £40.95 as he will get tax relief on these contributions. Dave pays tax at the basic (lower) rate so he will get tax relief at 22%.

---

Anne earns £60,000 a year (£5,000 a month). Anne's classic plus scheme contributions are £175 a month (3.5% of £5,000) but the net cost to Anne each month will only be £105 as she will get tax relief on these contributions. Anne pays tax at the higher rate so she will get tax relief at 40%.

---

### What about National Insurance?

The classic plus scheme is '**contracted out**' of the state scheme. This means that both you and your employer pay National Insurance contributions at the lower rate. You will not build up any rights to **State Second Pension (S2P)** while you are a member of the classic plus scheme, although you will still get the basic state Retirement Pension if you have paid enough National Insurance contributions.

## Your pension benefits

### How do you work out my pension?

We work out your pension in two parts;

**Part one;** For each year in the scheme before 1 October 2002 is worked out as:

$$\frac{\text{pensionable earnings} \times \text{reckonable service}}{80}$$

**Part two;** For each year in the scheme after 1 October 2002 is worked out as:

$$\frac{\text{pensionable earnings} \times \text{reckonable service}}{60}$$

See the next sections to find out how we work out '**final pensionable earnings**' and '**reckonable service**'.

---

#### Example:

---

John leaves the classic plus scheme after 20 years' reckonable service. John had 8 years of service before 1 October 2002 and 12 years of service from 1 October 2002. John's final pensionable earnings are £18,000 a year.

---

$$\begin{aligned} &\text{John's classic plus pension} \\ &= (1/80 \times 8 \times \text{£}18,000) + (1/60 \times 12 \times \text{£}18,000) \\ &= \text{£}5,400 \text{ a year} \end{aligned}$$

John will also receive a lump sum.

---

## What are 'final pensionable earnings'?

Your final pensionable earnings will be:

- your last 12 months' pensionable earnings (not including bonuses); or
- the highest pensionable earnings (not including bonuses) you have had in any of the last four full tax years; or
- your highest average pensionable earnings including any pensionable bonuses (this method is based on your average pensionable earnings over three tax years in a row, and we will look back up to 13 years), whichever is the best. We will take account of inflation when doing this.

For most people, final pensionable earnings will be their pensionable earnings in their last 12 months of service. If you have an unusual earnings pattern with earnings peaking before you retire, one of the other definitions, which looks at earlier periods of service, may give a better result.

## What is 'reckonable service'?

If you work full-time, all the years and days you contribute to the pension scheme count as reckonable service. The maximum number of years that can count for your pension is 40.

## Do I get a tax-free lump sum?

You will receive a lump sum when you retire, and you can choose to give up part of your pension for a higher lump sum. Under current legislation, this lump sum is tax free. The automatic part of your lump sum is  $\frac{3}{80}$  of your final pensionable earnings for each year of service before 1 October 2002. Her Majesty's Revenue & Customs (HMRC) limits the amount of optional additional lump sum (typically up to 2.25 times your pension based on your service from 1 October 2002).

We will reduce your pension by £1 a year for every £12 you take as optional lump sum. This is called 'commuting' pension for a lump sum.

---

### Example:

---

Tom retires after 30 years' service, of which 10 years were before 1 October 2002 and 20 years were from 1 October 2002. Tom's final pensionable earnings are £20,000.

Tom's pension based on his service before 1 October 2002 = £2,500 ( $1/80 \times 10 \times £20,000$ )

---

His automatic lump sum = £7,500 ( $3/80 \times 10 \times £20,000$ )

---

Tom's pension based on his service from 1 October 2002 = £6,666.67 a year ( $1/60 \times 20 \times £20,000$ )

---

So his optional lump sum = £15,000 ( $2.25 \times £6,666.67$ ) = £15,000

---

So the maximum lump sum Tom can take = £22,500 (£7,500 + £15,000)

---

If Tom chooses to take the maximum tax-free lump sum, he will have to give up a pension of £1,250 ( $£15,000 \div 12$ ) a year.

---

This means that Tom can choose either:

- a pension of £9,166.66 (£2,500+6,666.66) a year plus an automatic lump sum of £7,500; or
  - a total tax-free lump sum of £22,500 plus a pension of £7,916.67 (calculated as £2,500+6,666.67- £1,250) a year.
- 

### 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 the 25 years before 1 October 2002 and then works part-time (18 hours a week instead of the full-time 36 hours) for the next 10 years. When Jenny retires, her actual pensionable earnings in the last 12 months are £10,000.

---

Jenny's final pensionable earnings = £10,000  $\times \frac{36}{18} = £20,000$

---

Jenny's reckonable service = 25 + 10  $\times \frac{18}{36} = 30$  years

---

Jenny's pension = ( $1/80 \times £20,000 \times 25$ ) + ( $1/60 \times £20,000 \times 5$ ) = £7,916.67 a year

---

Jenny will also receive an automatic lump sum of £18,750 ( $\frac{3}{80} \times £20,000 \times 25$ ) and have an option to give up some of her pension based on her service from 1 October 2002 for more lump sum.

---

## 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.

## Can I pay more for a bigger pension?

You have a range of options.

- You can pay extra contributions every month to buy extra years of service. These are called 'added years'. You should appreciate that this is a long-term commitment to pay more. The cost of added years is set out as a percentage of salary.

Ask us for further details. You can also visit our website at;


[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

- You can pay Additional Voluntary Contributions (**AVCs**) to the Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS). We have appointed three AVC providers – Scottish Widows, Standard Life and Equitable Life. (Equitable Life is now closed to all new entrants, but is still the only provider to offer additional life cover.) The providers offer a range of investment options. You choose which provider or providers you want to invest your AVCs with, and the fund or funds to invest in. When you retire, you use your AVC fund to buy yourself an extra pension, either then or before your 75th birthday.

From 6 April 2006 you are able to take up to 25% as a tax-free lump sum, providing your pension benefits are within the Lifetime Allowance (LTA). Ask us for more information about the LTA. You must take your NICSAVC benefits before your 75th birthday or you will lose your right to take any of your NICSAVC as a tax-free lump sum.

- You may be able to 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 and 75 and you can already take up to 25% of your fund as a tax-free lump sum when you retire. You can pay up to £3,600 a year (including tax relief). From 6th April 2006 you will be able to contribute to a stakeholder pension whatever your salary. You can now save up to 100% of your earnings or £3,600 pa whichever is the higher.
- You can pay extra contributions into a Free-Standing Additional Voluntary Contributions (FSAVC) scheme. This works just like NICSAVCs, but you find an investment provider of your choice. Be aware, though, that we have negotiated advantageous charges with the NICSAVCS providers.
- You may want to save for your retirement in other ways, for example through an ISA or by moving to a cheaper property.

Limits on the amounts you can pay for added years and AVCs, have been lifted by HM Revenue & Customs on 6th April 2006.

 Contact us if you want to know more.

## Other options which you may have

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

The **Public Sector Transfer Club** offers employees who move between Club employers the opportunity to transfer their accrued 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'.

If you join the NICS and want to bring in a transfer from a scheme in the Public Sector Transfer Club, you must do this within 12 months of being eligible to join the **premium** scheme.

### Can I rejoin classic plus?

If you leave and are then re-employed, you can only rejoin classic plus in limited circumstances – generally only if you are re-employed with a break in service of less than 6 months.

If you are re-employed after drawing your pension (regardless of whether or not you rejoin the PCS(SNI)), we may cut back or stop your earlier pension if your pension plus your pay in your new job is more than your previous pay (adjusted for inflation). This is called '**abatement**'.

### I have a pension from another employer. Can I bring this into the scheme?

Ask your previous employer for a 'transfer value' quote.

We will then give you an estimate of the **reckonable service** that this will buy in the premium scheme. 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.

Your application can be made at any time up to when you start the administrative process of claiming your pension.

From 6 April 2006 an application to bring a transfer in from a non-occupational pension scheme (e.g. a personal pension or a deferred annuity contract) must be made within 12 months of being eligible to join **premium**.

## Retiring

### When can I draw my pension?

The scheme has a **pension age** of 60. This is the earliest that you can usually take your pension without it being reduced for early payment. You can apply to retire at any time from the age of 50, but 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.

### Can I carry on working after I draw my pension?

If you carry on in your job after you are 60, you cannot draw your pension until you retire.

### How do you pay my pension?

We will pay your pension into your bank account every month. We will take income tax off it in line with instructions from the HMRC.

### Will you increase my pension?

We will increase your pension every April in line with the rise in the Retail Prices Index (RPI) over the year to the September before.

### What about state benefits?

You will receive the basic state Retirement Pension based on the National Insurance contributions you have paid. But as the scheme is '**contracted out**', you will not receive the **State Second Pension (S2P)** as well.

## Benefits for your dependants

### What happens if I die in service?

We will pay a sum of up to three times your pay to the person (or people) you have named. This lump sum will normally be tax free.

If you want to increase this lump sum up to four times your pay, you can do this by paying Additional Voluntary Contributions (**AVCs**) to Equitable Life, one of our AVC providers.

Ask us for more details.

### What if I die after I leave the scheme?

If you die within five years of starting to draw your pension, we will pay the person or people you have named a lump sum representing the balance of:

- five years' pension based on your service from 1 October 2002; plus
- two years' pension based on your service before 1 October 2002.

If you leave the scheme and then die before drawing your pension, we will usually pay the person or people a lump sum of your frozen lump sum for your service before 1 October 2002 plus the lower of;

- five times your **preserved** (frozen) pension based on your service from 1 October 2002; or
- twice your **final pensionable earnings** when you left the scheme.

### How do I name someone to receive any lump sum when I die?

You can name the person or people on a Death Benefit nomination (DB2) form available by contacting us. You can also download this form from our website:

If you want to change your decision in the future, either contact us or download a new form and send it to us.

If you decide to name more than one person, you can say how much you would like each person to receive. If you don't say how you want it shared between them, we will pay each person you have named an equal share.

If you name your husband, wife or **civil partner** and your marriage/civil partnership then ends, your husband, wife or civil partner will no longer be entitled to any lump sum.

### Does my husband, wife or civil partner get a pension?

As long as you have been in the scheme for at least two years, we will give your surviving husband, wife or civil partner a pension based on the years you have paid full pension contributions. We will work this out in two parts:

- $\frac{3}{8}$  of your pension based on your service from 1 October 2002; plus
- $\frac{1}{2}$  of your pension based on your service before 1 October 2002.

If you die in service, we will grant some extra years of **reckonable service**, up to 10 years. The extra years will all count as service from 1 October 2002.

If you die after you have left the scheme, your husband, wife or civil partner will usually get a pension, again worked out in two parts:

- $\frac{1}{2}$  of your pension based on your service before 1 October 2002, plus
- $\frac{3}{8}$  of your pension based on your service from 1 October 2002 and taking the full amount of pension – i.e. before any reduction for using part of your pension to buy a lump sum.

If you retired with an ill-health pension, and with your reckonable service enhanced through to pension age, 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.

If you have a civil partner, they will receive the same pension as a spouse, *except* that your service before 6 April 1988 will be excluded.

We will increase your husband's, wife's or civil partner's pension every year in line with the increase in the Retail Prices Index.

### **Will my husband's, wife's or civil partner's pension carry on if they remarry or enter into another civil partnership?**

If your husband, wife or civil partner should remarry, enter into another civil partnership or cohabit (live with someone else as husband, wife or civil partner), we will stop paying the part of the pension that is based on your service before 1 October 2002. But, if their new relationship comes to an end, we may then restore that part of their pension.

#### **Example:**

Sandra dies in service, aged 45. She has 20 years' service in total (10 years before 1 October 2002 and 10 years from 1 October 2002) and final pensionable earnings of £20,000 a year. Sandra leaves a husband, Iain.

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

Iain's pension =  $\frac{3}{8} \times \frac{1}{60} \times 20 \times £20,000$   
+  $\frac{1}{2} \times \frac{1}{80} \times 10 \times £20,000 = £3,750$  a year

If Iain were to remarry, his pension will be reduced to £2,500 ( $\frac{3}{80} \times \frac{1}{60} \times 20 \times £20,000$ )

#### **Example:**


When Gordon retired he was awarded a pension of £11,000 (£5,000 based on his service before 1 October 2002 and £6,000 based on his service from 1 October 2002) plus an automatic tax-free lump sum of £15,000.

Gordon decided to commute (give up) £1,125 of his annual pension so he can have an additional lump sum of £13,500.

When Gordon dies, although his pension was £9,875 a year, his widow gets a pension of £4,750 a year ( $\frac{3}{8} \times £6,000 + \frac{1}{2} \times £5,000$ ).

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

If neither you nor your partner is married to, or in a civil partnership with anyone else, we may pay your partner a pension. We work this pension out in the same way as the pension for a husband, wife or civil partner, but it will be based only on your service from 1 October 2002. You must make sure that you and your partner fill in a declaration, as we cannot pay a pension without this.

 For more details on this, see the booklet 'Pensions for partners'. Contact us for a copy or it is also available for download from our website:

[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

## 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 to children up to the age of 18, or up to 23 if they are in full-time education (26 if you die or retired before 6 April 2006).

We work out a child's pension as 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 a surviving husband, wife or civil partner. If we pay a pension to your partner, we will work a child's pension out as 30% of your pension entitlement based on your service from 1 October 2002 plus 50% of your pension entitlement based on your service before 1 October 2002. This reflects the fact that your partner's pension only relates to service from 1 October 2002.

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.

## Leaving the scheme

### What options do I have if I resign?

If you have at least two years' service we will give you the choice of **'preserving'** (freezing) 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 draw your pension at any time after 50, but it will be reduced because of early payment.

If you have less than two years' service when you leave, we will normally just 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 the State Second Pension (S2P). You may instead take a transfer value to another scheme but stricter time limits apply. Contact us for more information.

### What happens if I become too ill to work?

If you have to leave the NICS before you are 60, and our medical adviser agrees that you cannot do your job because your health has broken down permanently, we may pay you your pension when you leave. In these circumstances, we will pay your pension without making any reduction because of early payment and, if you have very short service, we may give you a few 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 retirement age.

There are two other conditions for an ill-health pension. First, you usually need to have worked for us for at least two years. And second, you must have filled in a satisfactory health declaration. Your employer will send you a health declaration to fill in.

## What happens if I am made redundant?

Your employer will pay you compensation for loss of employment. Your pension options will be the same as if you had resigned. You can draw your pension whenever you like after you are 50, but remember that we will reduce it because of early payment.

Contact us for more information.

## Finding out more

### How do I find out more about classic plus?

We have a range of booklets covering the following topics.

- Buying added years for your pension in classic plus and premium
- The Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS)
- Stakeholder Pensions
- Pensions and divorce or dissolution
- Civil Service Injury Benefits Scheme (Northern Ireland) [CSIBS(NI)].

Ask us for copies, or visit our website at:

**[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)**

### How do I find out more about state pensions?

Contact the Department for Work and Pensions. See their website at:

**[www.dwp.gov.uk](http://www.dwp.gov.uk)**

### Where do I go for help?

We are the first people you should contact for information about the classic plus pension scheme.

- You will also find information on our website at;

**[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)**

and possibly on your departments intranet.

### How do I complain?

If you have a problem with any part of your pension benefits, you should try to sort it out with us. Often, a phone call or an e-mail will be enough. If you cannot sort out the problem easily, we have a complaints procedure

This entitles you to a written explanation from us and then, if you are still not satisfied, to have your complaint investigated.

You can also contact The Pensions Advisory Service (TPAS) at 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.

If you have gone through IDR and contacted TPAS and your complaint has still not been sorted out, you can contact the Pensions Ombudsman.

You can write to both TPAS and the Pensions Ombudsman at:

11 Belgrave Road  
London  
SW1V 1RB.

Tel: 0845 601 2923

To find out more about the complaints procedure, ask your us for the leaflet 'If you have a complaint about your pension' or visit our website at:

**[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)**

The Pensions Regulator (formerly OPRA)

This organisation 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:

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW.

Tel: 0870 6063636 or email them at;  
[customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## Contacting us

If you have any questions about the content of this booklet, about your benefit entitlement or about pensions in general, please contact us using any of the methods below.

**Civil Service Pensions  
Waterside House  
75 Duke Street  
Derry / Londonderry  
BT47 6FP**

Tel: 028 7131 9000  
Fax: 028 7131 9234

Email: [cspensions.cpg@dfpni.gov.uk](mailto:cspensions.cpg@dfpni.gov.uk)

Web: [www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

## Other useful contacts

Department for Work and Pensions (DWP):

**[www.dwp.gov.uk](http://www.dwp.gov.uk)**

Social Security Agency Northern Ireland:

**[www.dsdni.gov.uk](http://www.dsdni.gov.uk)**

Her Majesty's Revenue & Customs (HMRC):

**[www.hmrc.gov.uk](http://www.hmrc.gov.uk)**

## Glossary

We have used a number of special terms in this booklet. We need to use them to make sure that we accurately describe classic benefits to you.

### **abatement and abated**

If you are re-employed by the NICS after you have drawn your pension, we may reduce or stop paying your pension. This is because your new salary and your pension, when added together, should not normally be more than your salary when you retired.

### **aggregation and aggregate**

If you leave the scheme and then come back, you can usually either keep the two periods of service separate or you can choose to join your two periods of service together – this is called aggregation. You have to decide within 12 months of rejoining if you want to aggregate your service. If you rejoin with a break in service of less than 6 months, aggregation will happen automatically.

### **AVCs**

Additional Voluntary Contributions are a way of topping up your pension. You pay additional contributions to a pension provider, which should then build up to a fund. When you retire, you use your fund to buy an annuity – a pension for life – which is on top of your PCSPS(NI) pension. From 6 April 2006 you will be able to take up to 25% as a tax-free lump sum.

### **civil partnership**

Partnership between two people of the same sex that has been legally registered under the provisions of the Civil Partnership Act 2004.

### **classic plus pension scheme**

In this scheme, your pension is based on your years of service and final pensionable earnings. Contributions are 3.5% of your pensionable earnings.

### **commutation and commute**

When you retire from the classic plus scheme, you will receive a tax-free lump sum as well as your pension for your service before 1 October 2002. You will also have the option to give up some pension earned from 1 October 2002 in exchange for a further tax-free lump sum.

This is called 'commutation'. The commutation ratio for normal retirement is 12:1 – this means that we will give you £12 of lump sum for every £1 a year of pension that you give up.

### **contracting out**

If you join the classic plus pension scheme, 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.

### **dependant**

A dependant can be your husband, wife, civil partner, partner, children or anyone else who relies on you financially.

### **earnings cap**

This is the limit on earnings on which you can contribute to your pension.

### **enhancement and enhanced service**

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 your pensionable earnings when you retire, and on which we base your pension.

### **pension age**

This is the earliest age you can take your pension without it being reduced because of early payment. Pension age is normally age 60 in classic plus.

### **pensionable bonuses**

Bonus payments do not usually count towards your pension, but your employer may have 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.

### **preserve, preservation and preserved**

If you leave the scheme with more than two years' qualifying service, you can leave the pension benefits you have built up in the scheme. We will then normally pay you a pension when you reach pension age. Or you can choose to transfer your preserved pension before you retire.

### **Public Sector Transfer Club**

This is a Club for pension schemes which offer special terms for transferring benefits into and out of the classic plus scheme. Members include schemes run for the NHS, local government and teachers.

### **qualifying service**

This reflects the amount of time you have been a member of the pension scheme and it qualifies you for certain benefits. For many people, qualifying service is the same as their 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 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 days and career breaks do not count towards your pension.

### **stakeholder pension**

A stakeholder pension is a form of personal pension, which operates under special rules limiting the charges and making it easier to transfer the pension to another provider. Although you cannot normally belong to a company pension scheme and have a personal pension as well, if you are a member of the classic plus scheme. You may be able to contribute up to £3,600 a year to a stakeholder pension to run alongside your classic plus pension.

The only condition is that your taxable earnings must be no more than £30,000 in your chosen 'basis year'. A basis year can be the current tax year or an earlier one, but you will not be able to go back more than five years. Because of a change in stakeholder pension legislation you cannot use any tax year before 2000-2001 either. From 6 April 2006 you will not be limited by the amount you earn or by the amount you can contribute. Stakeholder pensions are available from many providers. We have chosen Standard Life to provide concurrent stakeholder pensions to civil servants. Or, you may choose any other provider, but you can only make payments through payroll to Standard Life. Your employer will not contribute to a concurrent stakeholder pension.

### **State Second Pension (S2P)**

This is 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.

### **transferring in**

You may be able to transfer in benefits from an existing pension scheme into classic plus.

This booklet is published by Civil Service Pensions.

Issue 2, October 2006

**[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)**