

PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)

classic plus

Your classic plus pension benefits explained

a guide to the benefits available



Department of
**Finance and
Personnel**

www.dfpni.gov.uk



Civil Service Pensions

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Note: Text in **bold** is explained in the Glossary section at the end of this booklet.

The booklet does not cover every aspect of the **classic plus** pension arrangement. The full details are contained only in the rules, which are the legal basis of the scheme. You should note that nothing in this booklet can override the rules, 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 and associated benefits will be worked out using rules that are relevant to your period of service.

Introduction

Your pension, together with your pay, forms part of your total benefits package. This is your guide to the range of benefits to which you may be entitled as a member of **classic plus**.

Classic plus is one of the pension arrangements in the PCSPS(NI). The PCSPS(NI) covers all Northern Ireland civil servants and certain groups of non-civil servants, subject to eligibility. For ease of reference, we use the term 'NI civil servant' in this booklet.

Overview of classic plus features

Classic plus

- is a **defined benefit** occupational pension arrangement based on final salary. It is a combination of your Principal Civil Service Pension Scheme (Northern Ireland) PCSPS(NI)] benefits up to 30 September 2002 and the equivalent of **premium** benefits from 1 October 2002.
 - means that you contribute 3.5% of your **pensionable earnings**. (Before 1 October 2002, you contributed 1.5%.) Your employer also makes a significant contribution to your pension.
 - is contracted out of the **State Second Pension Scheme (S2P)**. This means that both you and your employer pay National Insurance Contributions at a lower rate. You may not build up any rights to **S2P** while you are a member of the classic plus arrangement although you will still get the basic State pension if you have paid enough National Insurance Contributions.
- has a scheme **pension age** of 60. (You do not, however, have to retire at this age.)
 - gives scope for you to increase your pension by making additional payments (called 'added pension'). Before the introduction of added pension, you could buy 'added years'. Added years have now been withdrawn but if you opened an account before 1 March 2008, you may still be contributing.
 - provides an **index-linked** income when you retire and benefits for your dependants after your death.
 - gives you:
 - an automatic lump sum from your pre-October 2002 service.
 - a choice to give up more of your pension to get an additional lump sum. (Both the automatic and additional lump sums are tax-free.)
 - includes valuable life cover before you retire and it may provide protection if you suffer serious ill health.

Membership

Eligibility

Up to 30 September 2002, there was only one pension arrangement offered to Northern Ireland Civil Servants in the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]. On 1 October 2002, we introduced two new pension arrangements to the PCSPS(NI), and members in the existing arrangement - renamed classic - were given the choice to remain in classic or join one of the new arrangements, **classic plus** or **premium**.

New entrants cannot join classic plus. Exceptionally, someone who was in classic plus can rejoin classic plus if they are re-employed by the same employer, or by another employer who participates in the PCSPS(NI) arrangements, within 28 days of leaving their previous Northern Ireland Civil Service (NICS) employment. This does not include people who left under compensation terms.

Part-time work and temporary absences from work

Any type of part-time service counts on the basis of the actual hours you work and the equivalent full-time **pensionable earnings**. However, in the past there have been various restrictions on who can join the scheme depending on the number of hours worked. If you have had part-time service in the past, we can tell you how these restrictions may apply to you. Your pension may be affected if you have a temporary absence from work, depending on the type of absence. Your employer or CSP will be able to advise you.

Transferring in previous pension benefits

If you have pension benefits in the scheme of a previous employer, you may transfer them into classic plus. To do so, you must apply to us in writing, and we will guide you through making the transfer. The transfer must be completed before you leave **pensionable service** in classic plus.

The **transfer value** will buy a credit of **reckonable service** in classic plus and will be used to provide the equivalent of premium benefits (in other words, it will be treated as post-October 2002 service). You should note that the scheme may refuse the transfer if it does not cover the cost of your **guaranteed minimum pension**. Similarly, the scheme may refuse a transfer where the sending scheme does not meet certain requirements.

Public Sector Transfer Club

Most classic plus members are no longer able to transfer in pension benefits under the **Public Sector Transfer Club** arrangements or from a non-occupational pension scheme because you must apply within 12 months of becoming eligible to join classic plus.

Opting out

You can opt out of classic plus at any time. However, 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 PCSPS(NI) website:

www.civilservicepensions-ni.gov.uk

You may also wish to consult an Independent Financial Advisor.

If you do decide to opt out, please contact us and we will ask you to confirm your decision in writing. Your decision will take effect from the next convenient pay period.

There is more information in the 'Leaving early' section about what happens to the pension benefits you may have built up if you choose to opt out now.

Paying for your benefits

What do I pay?

Up to and including 30 September 2002, you would have contributed 1.5% of your pay towards the cost of providing benefits for your widow, widower or surviving civil partner after your death (the Widow(er)s' Pension Scheme – WPS). These contributions were mandatory and applied to all members regardless of marital status. However, if you were single on 30 September 2002 and remain single when you retire, you may be entitled to a partial refund of WPS contributions.

From 1 October 2002, your contributions increased to 3.5% of your **pensionable earnings** to pay for the range of benefits that the **premium** part of your pension covers.

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 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. You will make your contributions 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. You will have to pay extra tax if you exceed the limits. You also need to be aware that your pensionable earnings may be limited to the '**earnings cap**' unless you joined the PCSPS(NI) before 1 June 1989. We can advise you on this.

Do I get tax relief?

Your employer takes your contributions from your pay before working out the tax, so you will automatically receive full income tax relief.

Examples

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

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

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

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

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

Your employer's contributions

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

Boosting your pension

Can I pay more for a bigger pension?

You have a range of options:

Added pension

Added pension is a fixed amount of additional 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 the **premium** part of your **classic plus** pension – so, for example, you can choose to take an additional lump sum from the added pension you have built up. Our website has an added pension calculator which will give you an idea of the cost of buying added pension. Visit:

www.civilservicepensions-ni.gov.uk

Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS)

You can pay additional voluntary contributions to the NICSAVCS. We have three **AVC** providers – Scottish Widows, Standard Life and Equitable Life. Please note that Equitable Life is closed to new members. We have negotiated competitive management charges with these providers.

The providers offer a range of investment options. You choose which provider you want to invest your additional voluntary contributions and the fund or funds to invest in. You can pay up to 100% of your **pensionable earnings** through payroll, and receive tax relief on your contributions, subject to the **Annual Allowance**.

You can use your NICSAVCS to provide extra pension from age 55 (or 50 if you had a NICSAVCS before 6 April 2006) until the day before your 75th birthday. You do not have to retire to get your NICSAVCS benefits. 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 NICSAVCS benefits at the same time as your PCSPS(NI) pension as long as it is before your 75th birthday.

Stakeholder pensions

You may, if you wish, contribute to a stakeholder pension. You can choose our appointed provider, Standard Life, or any other provider. You can draw your pension whenever you like between the ages of 55 and 75 and you can take up to 25% of your fund as a tax-free lump sum when you retire.

You can pay up to 100% of your pensionable earnings or £3,600, whichever is the higher (including tax relief), subject to the Annual Allowance.

If you take out a policy with Standard Life, you may choose to pay your contributions through your salary. If you make your own arrangements you will need to set up your payments by direct debit.

You must consider your financial position carefully before entering into any pension arrangements. You may therefore wish to consult an Independent Financial Advisor.

Added years

It is no longer possible, to buy 'added years' of service. If you have an existing added years contract and want to know more about it, please contact us.

Leaving early

Leaving or opting out – what happens to my pension benefits?

If you leave voluntarily or opt out of **classic plus** before you retire, you have a choice of options. You can:

- transfer your classic plus pension rights to another pension scheme; or
- preserve the benefits you have built up within classic plus for payment at **pension age**.

Transferring out your classic plus pension rights

You can ask for a transfer payment to be made to your new employer's pension scheme or to an approved personal pension. The transfer payment will be equal to the cash value of your benefits.

You will need to consider the following issues before making a transfer:

- there may be a time limit in the receiving scheme's rules (for example, if it is a member of the **Public Sector Transfer Club**, the time limit is 12 months from the date the member first became eligible to join the new employer's pension scheme);
- the **transfer value** may not necessarily buy the same length of service in the new scheme – you should receive an estimate from the new scheme of how much your classic plus benefits will buy before you make your decision;
- the range and type of benefits offered may be different and perhaps less appropriate for your needs; and
- you must apply for the transfer before we start the administrative process of paying your pension benefits.

Preserved benefits within classic plus

If you do not transfer your benefits out of **classic plus** and you are entitled to preserve them, your benefits will normally be paid to you at the scheme **pension age** (60). You can however opt for immediate benefits on an actuarially-reduced basis if:

- you are 55; or
- you were in post before 6 April 2006 and are age 50 or over.

Your pension benefits will be reduced in line with guidelines set by the scheme actuary to reflect the longer period of payment.

Actuarially-reduced early retirement

Most **classic plus** members who are aged 50 or over and were in post before 6 April 2006, can choose to retire and take their pension early on an actuarially-reduced basis. The only restrictions are that

- you must have two years' **qualifying service** or have transferred pension rights into classic plus from a personal pension; **and**
- you cannot have an actuarially-reduced pension if it would be less than the amount needed to pay your **guaranteed minimum pension** at **State pension age**.

We work out your pension and lump sum in the same way as if you were to retire on or after scheme **pension age** but reduce payments, permanently, by around 5% for each year before scheme pension age to reflect that your pension will be paid for longer. This means that if you were to choose to retire at age 55, for example, your pension will be about three quarters of the amount you would have received if you had waited until age 60.

Redundancy

Your employer will pay you compensation for loss of employment under the Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)]. You can get information on what the scheme provides from us at Civil Service Pensions.

Ill health retirement

If you have to leave the PCSPS(NI) before you are 60, and our medical advisor 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, in certain circumstances, you may be eligible for **enhanced reckonable service**.

If our medical advisor 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 60.

Retiring on or after scheme pension age

Partial retirement

Partial retirement allows you, with the agreement of your employer, to draw some or all of your **classic plus** pension and remain in work. There are certain conditions which you need to be aware of before you apply for partial retirement. See the booklet 'Partial Retirement' which you can get from us or find on the PCSPS(NI) website:

www.civilservicepensions-ni.gov.uk

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 permanently 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.

Preparing to fully retire

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 us and we 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.

Providing benefits for someone else (allocation)

When you take your pension, you have the option to give up part of it 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; and
- the pension you allocate is payable for life and is not affected if you get married again or enter into a civil partnership.

If you are interested in allocating your pension, you must contact us. We can then tell you how your pension will be affected and what to do next.

Getting your pension

Civil Service Pensions pays pensions to PCSPS(NI) pensioners and to NI civil servants' dependants, where appropriate.

You will receive an annual pension and a one-off lump sum. We will pay your lump sum direct to either your bank or building society account, whichever you indicate on your Personal Details Form.

We will pay your pension every month in arrears, directly into your bank or building society account. Your pension will be treated as earned income for tax purposes; any tax that is due is taken off before the pension is paid.

The amount of your pension will depend on your **pensionable earnings** and length of **reckonable service**.

You should be aware that there is a maximum number of reckonable service years we can use, and that is 45.

Before 1 March 2008, the number of years was restricted to 40 before the age of 60 but you could build up a further five years **reckonable service** for any service from the age of 60 onwards. However, from 1 March 2008, anyone who had already reached their 40 years' service could start to build up another 5 years service, regardless of their age at that time.

We work out your pension in two parts. You earn $\frac{1}{80}$ of your final pensionable earnings for each year of reckonable service in the scheme before 1 October 2002 and $\frac{1}{60}$ of your final pensionable earnings for every year of reckonable service in the scheme from 1 October 2002. The pension will normally be paid at scheme pension age, which is currently age 60.

Pension at scheme pension age (60)

Example

Martin retires after 30 years' service of which 20 years were in **classic** (before 1 October 2002) and 10 years were in **premium** (from 1 October 2002). Martin's final pensionable earnings are £20,000 a year.

Pension

Martin's pension is made up of two elements, worked out as follows:

classic service

$$\left(\frac{1}{80} \times 20\right) \times £20,000 = £5,000$$

premium service

$$\left(\frac{1}{60} \times 10\right) \times £20,000 = £3,333.32$$

$$\text{Total} = £8,333.32$$

Automatic lump sum

Martin will get an automatic lump sum relating to his classic service of:

$$\frac{3}{80} \times 20 \times £20,000 = £15,000$$

(This will be tax free, subject to the **Lifetime Allowance**.)

Note: the lump sum will be reduced if you owe some scheme contributions.

Choices on retirement

Additional lump sums

You will be able to choose to give up some of the classic part of your pension for an additional lump sum. You can choose how much extra lump sum you want, up to a maximum of $\frac{33}{14}$ x your initial pension, but you must give up £1 of annual pension for each £12 of lump sum.

You will also be able to choose to give up some of the **premium** part of your pension for a lump sum. You can take up to a maximum of $\frac{30}{7}$ x your premium pension, but you must give up £1 of pension for each £12 of lump sum.

Example

Using the information from the previous example - as well as the £15,000 automatic lump sum, Martin can take additional lump sums relating to his classic and premium service:

Classic -

The maximum he can take is the difference between his automatic lump sum and $\frac{33}{14}$ x his classic part of pension.

$$\begin{aligned} & \text{£15,000} - (\frac{33}{14} \times \text{£5,000}) \\ & = \text{£3,214.29} \end{aligned}$$

Premium -

The maximum additional lump sum is $\frac{30}{7}$ x his premium part of pension:

$$\begin{aligned} & \frac{30}{7} \times \text{£3,333.32} \\ & = \text{£14,285.66} \end{aligned}$$

Martin has the option to take a total maximum additional lump sum of £17,499.95. If Martin chooses to take the additional lump sums, he has to give up £1 of pension for every £12 of total lump sum. This means that his pension will reduce by £1,458.33 (£17,499.95 / 12).

Pension choice

If Martin

- takes no additional lump sum he will have a pension of £8,333.32 (£5,000 + £3,333.32) with an automatic lump sum of £15,000; or
- takes the maximum additional lump sums he will have a pension of £6,874.99 (£8,333.32 - £1,458.33) with a total lump sum of £32,499.95 (made up of his automatic lump sum of £15,000 and maximum additional lump sums of £3,214.29 + £14,285.66).

NOTE: He can choose to take any combination of pension and lump sum within the maximum allowed.

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 PCSPS(NI) website:

www.civilservicepensions-ni.gov.uk

(or you can ask us to do this for you if you do not have access to the calculator).

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.

If you take a higher lump sum, your dependants' pensions may reduce if you die after reaching 75 and leave two or more children under age 18 (or under age 23 if they are in full-time education).

If you are single and eligible to receive a partial refund of WPS 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 plus any additional lump sum you choose to take cannot exceed the maximum permitted lump sum. See Appendix A for more information on WPS refunds.

Pensions increase

Pensions in payment may increase every year in line with the cost of living. All pensioners aged 55 or over get these increases.

Preserved benefits are also increased up to the date they become payable.

You will also receive the 'cost of living' increases if you are under 55 and if you retired because of ill health.

Cost of living increases are also added if:

- the pension is paid to a widow, widower or surviving civil partner; or if
- the pension is paid to, or in respect of, a child.

Example

Pensions increase

You retire in mid-October with an annual pension of £7,500.

The following April, the cost of living increase is 3.5%.

As you retired exactly halfway through the relevant 12-month period, the pension is increased proportionately (that is, by one half of the total increase – 1.75%).

During the second year, the cost of living increase is 4.2%.

Your annual pension becomes £7,631.25 after six months and £7,951.76 a year later.

Changes at State pension age

When you reach **State pension age**, some or all of the pensions increase relating to your **guaranteed minimum pension** is paid with your State pension.

Also at State pension age, National Insurance modification will take effect for people with service before 1 April 1980.

Ask us for more details about paying pensions increases after the State pension age and National Insurance modification.

Death benefits

Lump sums

A lump sum is payable to the person(s) or organisation you have nominated when you die depending on whether you:

- were still working for an employer who participates in the PCSPS(NI);
- had retired; or
- had left with **preserved benefits** but had not yet reached scheme pension age.

This lump sum is separate to the automatic lump sum that is paid when you take your pension.

As well as the death benefit lump sum, your widow, widower or surviving civil partner and dependant children may also receive a pension.

Nominating someone to receive benefits

You can nominate any person(s), 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 pay the benefit without delay.

If you do not nominate anyone, we will pay the death benefit lump sum to your personal representative.

You must complete a Death benefit nomination form to make your nomination/s, which you can get from us or download from our website:

www.civilservicepensions-ni.gov.uk

Please make sure that you keep it up to date and that you send us a new nomination if your wishes or circumstances change.

The nomination will be valid unless you change or cancel it, or if the person you nominated dies. The one exception to this is when you nominate your husband, wife or civil partner and the marriage/civil partnership comes to an end through divorce/dissolution (but not separation). The nomination is then no longer valid (unless you had nominated them **prior** to your marriage/civil partnership taking place) and you should make a new nomination.

Important 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 only part of the benefit is paid to that person we will pay any balance to your nominee or personal representative.

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. Your **annual benefit statement** shows your nominated beneficiary.

If you have not nominated anyone or your nomination is invalid (see above), we will pay it to your personal representative.

We will reduce this benefit should we need to recover any scheme contributions that you owed.

If you are receiving a PCSPS(NI) pension (for example, following partial retirement or re-employment), your death in service lump sum will be reduced by the amount of pension and lump sum already taken.

What if I die after I leave the scheme?

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 (frozen) pension; or
- twice your **final pensionable earnings** when you left the scheme, whichever is smaller.

We will reduce this benefit should we need to recover any scheme contributions that you owed.

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

- two years' pension based on your service before 1 October 2002, plus
- five years' pension based on your service from 1 October 2002, less
- any pension you have already received.

If you choose to take the maximum lump sum on retiring, it will impact on this 'death after retirement' lump sum. The maximum lump sum will reduce (or possibly cancel out) any potential death benefit lump sum payment.

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.

Dependants' benefits

We pay pension benefits to your widow, widower or surviving civil partner and dependant children when you die depending on whether, at the date of your death, you were:

- a current member with two or more years' **qualifying service**;
- a retired member; or
- a deferred member with **preserved benefits**.

Pension benefits for your widow, widower or surviving civil partner

As long as you have been in the scheme for at least two years, we will pay 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:

- $\frac{1}{2}$ 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.

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. See Example 1 on page 13.

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 – in other words, before any reduction for using part of your pension to buy a lump sum. See Example 2.

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 still been in service when you died.

If you have a civil partner, they will receive a pension based on your service from 6 April 1988.

We may 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 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 1

Jenny 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. Jenny leaves a husband, Jonathan.

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

$$\begin{aligned} \text{Jonathan's pension} &= \\ & \frac{1}{2} \times \frac{1}{80} \times 10 \times £20,000 = £1,250 \\ & + \frac{3}{8} \times \frac{1}{60} \times 20 \times £20,000 = \underline{£2,500} \\ & = £3,750 \text{ a year} \end{aligned}$$

If Jonathan were to remarry, his pension will be reduced to £2,500 ($\frac{3}{8} \times \frac{1}{60} \times 20 \times £20,000$).

Example 2

When Stephen 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 lump sum of £15,000.

Stephen decided to commute (give up) £1,125 of his annual pension so he can have an additional lump sum of £13,500 (subject to the **Lifetime Allowance**).

When Stephen 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 am not married or in a civil partnership, but I have a partner, will they get a pension?

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 information, see the booklet 'Pensions for partners'.

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 under the age of 18, or up to 23 if they are in full-time education. To be eligible for children's pensions, the children must have been conceived or born before your employment with a PCS(NI) pension employer ends.

We will pay a pension for life to a child who is dependent due to serious disability; ask us for more information about this.

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.

Other information

Disagreements and complaints procedures

CSP operates a formal complaints process under the statutory Internal Dispute Resolution (IDR) procedures.

If you have a complaint about **classic plus** benefits or scheme administration, and you have not been able to sort it out with us, you can ask us for a written explanation of our decision under the Internal Dispute Resolution (IDR) procedures.

If, after receiving our decision, you still feel that you have a valid complaint, you (or someone representing your interests, such as a friend or trade union) can ask for your appeal to be passed to the Scheme Manager of Civil Service Pensions (CSP) who will investigate your complaint and issue a second stage IDR determination.

For more information, you can contact us at Civil Service Pensions.

The Pensions Advisory Service (TPAS)

You may contact TPAS at any time during the IDR procedures. TPAS is a voluntary organisation which helps members and beneficiaries of occupational pension schemes with difficulties they may have with the trustees or administrators of their scheme.

You can contact TPAS at:

11 Belgrave Road
LONDON
SW1V 1RB

Pensions Ombudsman

The Pensions Ombudsman (based at the same address as TPAS) has the power to investigate and make decisions about complaints or disagreements in relation to occupational pension schemes. He can investigate any complaint about the injustice as a result of poor administration or questions of fact and law. He will expect you to have used the IDR procedures before he will investigate any complaint himself.

Re-employment

If you leave and, at some point in the future, are re-employed by an organisation covered by the PCSPS(NI), you should ask your prospective employer how re-employment affects your pension choices.

If you are re-employed after you started taking your pension by an organisation that is covered by the PCSPS(NI) arrangements, your pension may be reduced.

If you are re-employed having previously left with a compensation payment, you may have to pay this back depending on the length of time between employments.

If you are re-employed within 28 days of receiving compensation on early departure or ill health retirement, the award will be cancelled.

You should discuss how re-employment affects your compensation payment or ill health retirement award with your prospective employer before accepting the post.

General information

Contracting-out numbers

Employers who provide schemes that are contracted out have reference numbers. The following numbers are relevant to your employment.

- Employer's contracting-out number:
E3900002R
- Scheme's contracting-out number:
S2731005W

Loss of benefits

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

Pension Scheme Registry

The Pension Schemes Registry acts as a central tracing agency to help people keep track of their previous pension arrangements as they move jobs.

If you want to use their service, please write to:

The Pension Schemes Registry
PO Box 1NN
Newcastle-upon-Tyne
NE99 1NN

State benefits

The pension payable from the State is made up of two parts - the basic pension and the additional earnings-related pension, **S2P**. The State pension is paid from **State pension age** and increases each year in line with inflation.

Your membership of **classic plus** does not affect your entitlement to the State basic pension. You will not be entitled to the earnings-related element as classic plus is contracted out of S2P.

To find out more about the State pension and S2P, contact the Social Security Agency:

www.dsdni.gov.uk

The Pensions Regulator

This organisation is the statutory regulator for occupational pension schemes. Their task is to make sure that pension schemes operate 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
Email:
customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

Transferring your rights to benefits (assignment)

You cannot give anyone else the right to your entitlement from the scheme.

Finding out more

We hold your classic plus pension details and can, therefore give you information which is specific to you. We can only give you information about classic plus and other associated information about the PCSPS(NI). We 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 Advisor.

Publications

We have a range of booklets and leaflets covering all aspects of the PCSPS(NI) and associated benefits, all of which appear on the PCSPS(NI) website (see below for address). Alternatively, you can request hard copies from us. Here are a few titles relating to some of the benefits we have mentioned in this booklet:

PCSPS(NI) website

The PCSPS(NI) website holds information about the scheme. Visit:

www.civilservicepensions-ni.gov.uk

Glossary

Annual Allowance

The Annual Allowance is the amount by which the value of your pension savings can go up in any year before you have to pay tax at 40%.

For more information, see www.hmrc.gov.uk

Annual Benefit Statement

This is a statement which tells you how much pension you have built to date and gives you an idea of the benefits that classic plus may provide you with in the future.

Deferred member

Someone who left classic plus and has preserved benefits.

Defined benefit

A pension offering guaranteed benefits, worked out using a formula usually related to the members' pensionable earnings and/or length of service (including transferred in service).

Dependant child

Any child who is dependent on you and who is;

- under 18; or
- under 23 and receiving full-time education or training; or
- who is permanently incapacitated and unable to earn a living. Dependency means that you are providing financial support to the child.

Note: the children must have been conceived or born before your employment with a PCSPS(NI) pension employer ends.

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 PCSPS(NI) on or after 1 June 1989.

Enhancement/enhanced

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 (or your dependants') pension benefits or Annual Compensation Payment (ACP).

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 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.

Guaranteed minimum pension

Up to 5 April 1997, one of the conditions of contracting out was that the PCSPS(NI) arrangements had to provide you with a pension which is at least as good as the pension you would have built up through State Earnings Related Pension Scheme (SERPS). This is known as your guaranteed minimum pension (GMP). After your death, classic plus must pay an amount equivalent to a widow's, widower's or surviving civil partner's GMP at the time your State pension would have been payable.

Since 6 April 1997, classic plus no longer has to provide a GMP to be contracted out. Instead, the scheme must pass a test of scheme quality set out in The Pensions (NI) Order 1995. Every three years the scheme actuary has to confirm that classic plus has passed this test.

Index-linked

Your pension may increase in line with inflation, as measured by the Retail Prices Index (RPI).

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.

NICSAVCS

Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS) - a money purchase arrangement where you pay contributions to a pension provider for investment in a fund or selection of funds. The accumulated investment fund then buys you an annuity - a pension for life.

Pension age

This is the earliest age at which you can choose to receive immediate payment of your classic plus pension without reduction. (In most cases, this is 60.)

Pensionable earnings

All earnings that could count towards your pension. They can include non-cash items, for example, uniforms or accommodation.

Pensionable service

See reckonable service.

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.)

Public Sector Transfer Club

A group of defined benefit occupational pension schemes, mainly within the public sector. The Club assists easier movement of staff between its members by providing broadly equivalent benefits when they transfer.

Qualifying service

The service that determines whether you are eligible for (preserved) pension benefits.

Reckonable service

The service that counts towards a pension. Part-time service counts on the basis of the hours you have worked.

Scheme actuary

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

State pension age

The age at which you can receive your State pension.

State Second Pension S2P

The additional State pension on top of the basic State Pension (previously known as the State Earnings-Related Pension - SERPS). The amount you get 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.

Appendix A

Refund of widow(er)s' pension (WPS) contributions

(The contributions you paid up to and including 30 September 2002)

If you have been unmarried throughout your service you are entitled to a refund of WPS contributions. If you have been married or in a civil partnership for only part of your service, you are entitled to a refund of the contributions you have paid since your marriage or civil partnership ended. Contributions are refunded as follows:

Men

contributions paid for service before 6 April 1978 (including any contributions paid as part of an added years option made before that date) will be refunded with interest and paid when you take your pension on final retirement.

contributions paid for service on or after 6 April 1978 (including any contributions paid as part of an added years option made on or after that date) will be refunded when you take your pension on final retirement. They will be refunded with interest and the deduction of a single, non-returnable payment to cover the cost to the scheme of providing a post-retirement widow's pension if you marry or enter a civil partnership after leaving and die before your wife or civil partner. You will not be required to repay the refund if you do marry or enter a civil partnership. The estimated amount of your refund and the current value of the post-retirement widow's pension are shown on your Estimate Statement.

Women

contributions paid for service before 6 April 1988 (including any contributions paid as part of an added years option made before that date) will be refunded with interest and paid when you take your pension on final retirement.

contributions paid for service on or after 6 April 1988 (including any contributions paid as part of an added years option made on or after that date) will be refunded when you take your pension on final retirement. They will be refunded with interest and the deduction of a single, non-returnable payment to cover the cost to the scheme of providing a post-retirement widower's pension if you marry or enter a civil partnership after leaving and die before your husband or civil partner. You will not be required to repay the refund if you do marry or enter a civil partnership. The estimated amount of your refund and the current value of the post-retirement widower's pension are shown on your Estimate Statement.

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

Web: www.civilservicepensions-ni.gov.uk

Other useful contacts

Department for Social Development:

www.dsdni.gov.uk

Her Majesty's Revenue & Customs (HMRC):

www.hmrc.gov.uk

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