

PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)



Department of

Finance and Personnel

www.dfpni.gov.uk

classic plus retirement benefits



Civil Service Pensions

This leaflet provides a straightforward guide to the classic plus benefits that may be payable when you reach scheme pension age, currently this is 60 for most members.

If you are leaving the Northern Ireland Civil Service (NICS) through early retirement, redundancy or severance, you should contact your scheme administrator for further information.

We have tried to use as little jargon as possible, but we have defined some technical terms shown in **bold** when they appear in the text. Please refer to the glossary section for an explanation of the terms.

Retirement benefits

When you retire, you will receive a pension and a lump sum calculated from your **final pensionable earnings** and **reckonable service**. You may have some options:

- to give up, or 'commute' some of your pension for more lump sum (tax-free under current legislation); and
- to give up some of your pension to provide a pension (or a further pension), after your death, for someone else. This is called 'allocation'

Pension

In **classic plus**, we treat your service before 1 October 2002 differently from your service from 1 October 2002. We work out your pension as follows:

Before 1 October 2002

$$\frac{\text{Final pensionable earnings} \times \text{Reckonable service}}{80}$$

plus

From 1 October 2002

$$\frac{\text{Final pensionable earnings} \times \text{Reckonable service}}{60}$$

We use the same **final pensionable earnings** figure throughout.

If you work part-time, your service will count on the basis of the hours you have worked, and your final pensionable earnings will be the equivalent full-time rate rather than the rate you have been paid.

Lump sum

You will receive a lump sum calculated as $\frac{3}{80} \times \text{final pensionable earnings} \times \text{reckonable service}$ for service before 1 October 2002.

You can also commute some of your pension earned on service from 1 October 2002 into additional lump sum.

Your estimate statement will show the maximum lump sum you can have; this will be at least $2.25 \times$ your initial pension based on service from 1 October 2002.

Within the maximum you choose how much extra lump sum you want, but you must give up £1 of annual pension for each £12 of lump sum.

Allocation of pension

You may want to give up some of your pension to provide a pension, after your death, for someone else. **Classic plus** does provide a pension for a surviving husband, wife or eligible partner anyway, but you might want to allocate some of your pension either to increase this pension or to provide a pension for someone else.

You can only allocate pension to someone who is either financially dependent on you, or if you are both financially interdependent. There are also limits on the amount of pension that you are allowed to give up.

If you think that you might be interested in this option, ask your scheme administrator for further details about what this might mean for you.

Reckonable service

You cannot have more than 40 years of **reckonable service** in classic plus. You will stop paying contributions once you have built up 40 years **reckonable service**.

State pension

When you reach State pension age the State basic pension will become payable, as long as you have paid enough National Insurance contributions. You should contact your local Social Security office for more information.

Paying benefits

Every effort is made to make sure that you receive your lump sum within a few days of retiring, and your pension as soon as possible afterwards. It might help if you agree your last day of service as far in advance as you can.

The lump sum is paid direct either to your bank or building society account.

Pensions are normally paid monthly in arrears by direct credit to your bank or building society account. They are treated as earned income for tax purposes. Any tax that is due is taken off before the pension is paid.

Death after you retire

Lump sum benefits

If you die within 5 years of drawing your pension, we will pay a lump sum to whoever you have nominated. We work this out as the balance of 5 years' worth of pension based on service from 1 October 2002 and the balance of 2 years' worth of pension based on service before 1 October 2002. If you want to change your death benefit nomination after you leave service, contact Civil Service Pensions. If we have no nomination on file, death benefit will be paid to your **personal representatives**.

Benefits for your husband or wife

We will pay your husband or wife a pension. This will be calculated as $\frac{3}{8}$ of your pension from service from 1 October 2002, before you exchanged some pension for lump sum, plus one half of your pension from service before 1 October 2002. If your husband or wife remarries or lives with someone else as husband or wife (cohabits), we will reduce their pension to the level of a pension for a partner (see next section).

Benefits for your partner

If you are not married, your partner may be eligible for a pension for the rest of their life. It is essential that you and your partner fill in a declaration form (PFPI) as we cannot pay a pension without this. Ask your scheme administrator for a declaration form and the booklet 'Pensions for Partners' which contains more information about eligibility for a partner's pension. The pension for a partner will be based on $\frac{3}{8}$ of your pension derived from your service from 1 October 2002, before making any deduction for commuting pension into lump sum.

Benefits for your children

We may pay a pension to an **eligible child**. The pension is:

- 30% of your pension if we pay a pension after your death to your surviving husband or wife; or
- 30% of your pension for service from 1 October 2002 plus 25% of your pension for service before 1 October 2002 if we pay a pension after your death to your surviving partner; or
- 50% of your pension if we are not paying any other pensions after your death.

If you leave more than two **eligible children**, each child's pension will be an equal share of the amount that we would pay for two children.

Employment after pension age

If you retire and are then re-employed in the Northern Ireland Civil Service (NICS) immediately or at a later date, the PCSPS(NI) pension arrangement can affect you in a number of ways.

- **i** You should ask your scheme administrator for the leaflet 'Employment after pension age'.

Pension Increase

Pensions in payment are increased every year in line with the cost of living. These increases are paid to all pensioners aged 55 or over, and make sure that the benefit maintains its original buying power.

Changes at State pension age

When you reach State retirement age, that part of the pensions increase which relates to your **guaranteed minimum pension (GMP)** is paid with your State pension rather than with your NICS pension.

- **i** There are further details about paying pensions increase after the State retirement age in the booklet 'Inflation Proofing Public Service Pensions' (H M Treasury publication).

Disagreements and complaints procedures

If you have a complaint about your **classic plus** pension that you have not been able to sort out you can ask your scheme administrator for the leaflet 'If you have a complaint about your pension'.

Glossary

classic plus pension scheme

A final salary occupational pension scheme which forms part of the PCSPS(NI) pension arrangements. It was available from 1 October 2002. It provides **premium** scheme benefits for service from 1 October 2002, with service before 1 October 2002 continuing to be pensioned broadly on the model that existed before that date (**classic**). Contributions are 3.5% of your pensionable earnings.

Eligible child is your natural or adopted child and any other child who was receiving financial support from you when you died. A pension will only be paid if they are aged under 18 or, if under 26, are either in full-time education or training or unable to work because of a disability.

Final pensionable earnings - the pensionable earnings used to calculate your pension. This is either:

- Your last 12 months' pensionable earnings;
- The highest pensionable earnings 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 in making the comparison.

Guaranteed minimum pension is the minimum pension that classic plus must pay you for **reckonable service** before 6 April 1997 as a result of being contracted out of the State Earnings Related Pension Scheme (SERPS).


Glossary Contd

Personal representative is the person who has the power to dispose of the deceased scheme member's estate. They will be the executor if there was a will. If the member dies without leaving a will, a personal representative will be named in the Letters of Administration (Confirmation of Executor in Scotland) which your solicitor will apply for.

Reckonable Service is the service which counts towards your pension. It includes service credited from a transfer from elsewhere and any added years that you have paid for. Part-time service counts on the basis of the hours worked.

Other information

Note: This leaflet provides a straightforward guide to the main provisions of **classic plus** retirement benefits. It does not cover every aspect: the full details are contained only in the rules, which are the legal basis of the Scheme. You should note that nothing in this leaflet can override the rules, and in the event of any unintentional difference, the rules will prevail.

-  For more information about specific benefits please contact your scheme administrator at the address below or visit our website at:- www.civilservicepensions-ni.gov.uk

Scheme Administrator's Address

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