PCSPS(NI)

Principal Civil Service Pension Scheme (Northern Ireland)

classic plus
premium
partnership

Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)]

Early retirement and redundancy for **classic plus**, **premium** and **partnership** pension account members

Department of Finance and Personnel
www.dfpni.gov.uk

Civil Service Pensions

Contents

Introduction

This booklet outlines the compensation benefits payable on early retirement and redundancy to members of the **premium** and **classic plus** pension schemes, and to those who have a **partnership** pension account.

Early severance applies to those who leave early under age 50 with at least 1 year's service and to those aged 50 or over who do not qualify for early retirement. Early retirement applies to those who leave early aged 50 or over with at least 5 years' service.

It deals with the benefits paid for seven different categories of early departure:

- actuarially-reduced early retirement (ARR)
- approved early retirement (AER)
- flexible early retirement (FER)
- flexible early severance (FES)
- compulsory early retirement (CER)
- compulsory early severance (CES)
- dismissal on inefficiency

i Ill-health or medical retirement is covered in the booklet 'Pension benefits on ill-health retirement'.

This booklet briefly outlines what happens if you leave on early retirement or severance with compensation benefits and get re-employed in an organisation covered by the Northern Ireland Civil Service pension arrangements at a later date.

It also describes the way your benefits will be paid to you.

i For information about your pension benefits, the following leaflets are available from your scheme administrator:

- **premium** retirement benefits
- **classic plus** retirement benefits
- Leaving **premium** before pension age with 2 or more years' service
- Leaving **classic plus** before pension age with 2 or more years' service
- Leaving **premium** or **classic plus** before pension age with less than 2 years' service.

Your scheme administrator:

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

Tel: 028 7131 9000
Fax: 028 7131 9234

Email: cspensions.cpg@dfpni.gov.uk
Web: www.civilservicepensions-ni.gov.uk

At a glance

For each category, we explain both how we calculate the benefits and also what the criteria are. Terms shown in **bold** print are explained in the glossary at the end of the booklet.

In all cases, your compensation benefits will be based on your **final pensionable earnings** and your **current reckonable service**. These are explained in the glossary, but you should be aware that the amounts used in calculating compensation may be different from those used in calculating **classic plus** and **premium** pensions.

At a glance

Type of Departure	Benefits	Who Qualifies
ARR	• Early payment of reduced pension.	Pension scheme members# aged 50 or over may request.
AER	• Early payment of pension without reduction	Employer may offer to pension scheme members# aged 50 or over, with at least 5 years' service. Pension scheme members# aged 55 or over with at least 25 years' service may request, but subject to employer agreement.
FER	• Lump sum compensation • Annual payments to **pension age** • Smaller annual payments from **pension age.** • Pension preserved to **pension age*.**	Employer may offer to those age 50 or over with at least 5 years' service.
FES	• Lump sum compensation (Maximum of 2 years' pay) • Pension preserved to **pension age*.**	Employer may offer to those aged under 50 with at least 1 year's service (and those aged 50 or over who do not qualify for FER).
CER	• Lump sum compensation • Annual payments to **pension age** • Smaller annual payments from **pension age** • Pension preserved to **pension age*.**	Employer will provide to those made redundant (or those who apply for redundancy when employers ask for volunteers), aged 50 or over with at least 5 years' service.
CES	• Lump sum compensation (Maximum of 3 years' pay) • Pension preserved to **pension age*.** • Special terms for certain staff who were serving in 1987 and who have 'reserved rights'.	Employer may offer to those aged under 50 with at least 1 year's service (and those over 50 who do not qualify for CER).
Inefficiency	• Lump sum compensation up to a maximum as for FES • Option for pension scheme members# aged 55 or over who are offered maximum compensation to take AER instead.	Employer must provide to those with at least 1 year's service, who are dismissed for inefficiency.

'Pension scheme members' means people who are members of **premium** or **classic plus** pension schemes only.

* If you have a **partnership** pension account you may apply to your pension provider to take your pension at any time from age 50, but the annuity rate will depend on your age when you draw your pension (references above to 'pension preserved to **pension age**' relate to **premium** and **classic plus** only).

Actuarially-reduced early retirement

Who qualifies?

Most members of **classic plus** or **premium** who are age 50 or over can ask to retire and take their benefits 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** or **premium** 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**.

What are the benefits?

We pay your pension before **pension age**, but reduce it, permanently, by around 5% for each year before **pension age**. This means that, if you were to choose to retire at age 55, your pension would be reduced to about three quarters of the amount you would have received if you had waited for it to be paid at age 60.

i Contact your scheme administrator for more details.

Pensions in payment are increased every year in line with the cost of living. These increases are paid to all pensioners age 55 or over, and make sure that the benefit maintains its original buying power. If you retire under age 55, the reduction factor applied to your pension takes account of the fact that you will not be paid any increases until you reach 55.

What about tax?

Under current legislation, if you choose to take a lump sum instead of some of your pension, this will be tax-free. You will pay income tax on your pension as if it were earned income.

Approved early retirement

Who qualifies?

There are two categories:

- employers may invite applications from **classic plus** or **premium** members aged 50 or over who have at least five years' **qualifying service**; and
- members of **classic plus** and **premium** who are aged at least 55 and who have a minimum of 25 years' **qualifying service** may apply to their employer

In both cases the employer decides whether to accept the application, as it has to meet the costs of paying the pension early.

What are the benefits?

We pay your pension before **pension age**, without any reduction for paying it early.

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.

What about tax?

Under current legislation, if you choose to take a lump sum instead of some of your pension, this will be tax-free. You will pay income tax on your pension as if it were earned income.

Flexible early retirement

Who qualifies?

Employers may invite those aged 50 or over who have at least five years' **qualifying service** to retire because of limited efficiency, limited postability or restructuring.

What are the benefits?

We pay you:

- a lump sum compensation payment when you leave;
- an annual compensation payment (ACP) until you reach **pension age**; and
- a smaller ACP or a further lump sum when you reach **pension age.**

How do you work out the lump sum compensation?

The lump sum compensation when you leave has two elements:

- $^{3}/_{80}$ x your **final pensionable earnings** x a **notional service enhancement** (see below);

  plus

- an element recognising that you will have to wait until **pension age** for the full value of your pension lump sum.

This is calculated as follows:

$^{3}/_{80}$ x your **current reckonable service** x your final pensionable earnings x factor

See table on page 7.

What factor is used to calculate the element relating to having to wait until **pension age** for the full value of your pension lump sum?

Age at retirement		
Year and complete months		
FROM	**TO**	**Factor**
50 years 0 months	50 years 5 months	0.285
50 years 6 months	50 years 11 months	0.272
51 years 0 months	51 years 5 months	0.260
51 years 6 months	51 years 11 months	0.247
52 years 0 months	52 years 5 months	0.234
52 years 6 months	52 years 11 months	0.221
53 years 0 months	53 years 5 months	0.207
53 years 6 months	53 years 11 months	0.193
54 years 0 months	54 years 5 months	0.179
54 years 6 months	54 years 11 months	0.165
55 years 0 months	55 years 5 months	0.151
55 years 6 months	55 years 11 months	0.136
56 years 0 months	56 years 5 months	0.121
56 years 6 months	56 years 11 months	0.106
57 years 0 months	57 years 5 months	0.090
57 years 6 months	57 years 11 months	0.074
58 years 0 months	58 years 5 months	0.058
58 years 6 months	58 years 11 months	0.042
59 years 0 months	59 years 5 months	0.025
59 years 6 months	59 years 11 months	0.008

How big is the ACP?

The ACP to **pension age** is:

your **final pensionable earnings** x (your **current reckonable service** plus the **notional service enhancement)** x $^1/_{80}$

The ACP from **pension age** is:

your **final pensionable earnings** x the **notional service enhancement** x $^1/_{80}$

You can choose to give up (commute) the ACP from **pension age** for a lump sum. This lump sum is 12 times the annual rate of ACP. If you have a **partnership** pension account you will receive this lump sum and you will not have the choice of an ACP from **pension age**.

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

Example

Joan is aged 55 and is a member of the **premium** scheme. Joan's **final pensionable earnings** are £20,000, her **pension age** is 60 and she has 25 years' **current reckonable service**.

In this case, Joan's notional service enhancement = 5 years

Joan's lump sum

- part 1 = $^3/_{80}$ x £20,000 x 5 = £3,750
- part 2 = $^3/_{80}$ x 25 x £20,000 x 0.151 (a factor based on Joan's age) = £2,831.25

Total lump sum = £6,581.25

Joan's ACP to **pension age** =
£20,000 x (25 + 5) x $^1/_{80}$ = £7,500 per year

Joan's ACP from **pension age** =
£20,000 x 5 x $^1/_{80}$ = £1,250 per year

Alternatively, Joan could take a lump sum instead of 12 x £1,250 = £15,000

How do you work out the notional service enhancement?

Two calculations are done:

A (your **current reckonable service** + 6$^2/_3$ years) x your **final pensionable earnings** at date of early retirement

B (your **current reckonable service** + your projected reckonable service) x your projected pensionable earnings

To calculate the **notional service enhancement**:

- firstly, we take the lower of **A** and **B**
- then, we divide by your **final pensionable earnings** at date of early retirement
- finally, we subtract your **current reckonable service**.

What are your projected reckonable service and your projected pensionable earnings?

Projected reckonable service is what you would have served from the day after early retirement to the day before **pension age** if you had remained in full-time employment until then instead of being retired early. Your **current reckonable service** plus your projected reckonable service cannot exceed 40 years.

Projected pensionable earnings are what your **final pensionable earnings** would have been if you had stayed in full-time employment until **pension age** instead of being retired early. No increases in your rate of pay are assumed (other than those resulting from a pay award already announced), but pay on temporary promotion can be taken into account if your employer judges that the temporary promotion would have continued until shortly before **pension age** if you had remained employed.

If you work part-time, the notional enhancement of 6$^2/_3$ years and projected reckonable service are reduced in the proportion that your actual **current reckonable service** bears to the equivalent full-time **current reckonable service**.

What happens to my pension?

If you are a member of the **classic plus** or **premium** pension arrangements, we preserve (or freeze) your pension until **pension age**, but you could apply to take it early on actuarially-reduced terms. If you have a **partnership** pension account, it will be for you to decide when to turn your pension pot into an annuity (an income for life). You can do this at any time between the ages of 50 and 75.

What about tax?

Under current legislation, your compensation lump sum will be tax-free up to a maximum of £30,000 and you will pay income tax on anything over this. The £30,000 limit applies to the total of all compensation lump sums received, whether on departure or at **pension age**. However, if you transferred from the **classic** pension arrangement to either the **classic plus** or **premium** schemes on 01 October 2002, your compensation lump sum on departure will be tax-free and will not count towards the £30,000 limit.

Your ACP will be taxed in the same way as earned income.

When your pension comes into payment, you will have an option to give up some of your pension for a lump sum. Under current legislation, this lump sum will be tax-free. You will pay income tax on your pension as if it were earned income.

Flexible Early Severance

Who qualifies?

Employers may invite those aged under 50 with at least one year's **qualifying service** to retire because of limited efficiency, limited postability or restructuring. Those over 50 who do not have sufficient service to be eligible for flexible early retirement may also qualify for the flexible early severance terms.

What are the benefits?

We pay you a lump sum calculated as:

- 2 weeks' **final pensionable earnings** for each year of **current reckonable service** during your first five years of **qualifying service**; plus
- 3 weeks' **final pensionable earnings** for each year of **current reckonable service** during your next five years of **qualifying service**; plus
- 4 weeks' **final pensionable earnings** for each year of **current reckonable service** after your first ten years of **qualifying service**; plus
- 2 weeks' **final pensionable earnings** for each year of **current reckonable service** after age 40.

If you are within three years of **pension age**, the compensation will be reduced by $^{1}/_{36}$ for each month and part month that you are within the three years.

The maximum lump sum is 2 years' **final pensionable earnings** (or a pro-rata amount if you have had recent part-time service).

Example

Colin is aged 45 and is a member of the **premium** scheme. Colin's **final pensionable earnings** are £18,000 and he has 15 years' **current reckonable service.**

Colin's compensation lump sum is made up of four parts:

- $^{2}/_{52.2}$ x £18,000 x 5 = £3448.27 (2 weeks/year for first 5 years)
- $^{3}/_{52.2}$ x £18,000 x 5 = £5172.41 (3 weeks/year for years 6 -10)
- $^{4}/_{52.2}$ x £18,000 x 5 = £6896.55 (4 weeks/year for subsequent years)
- $^{2}/_{52.2}$ x £18,000 x 5 = £3448.27 (2 weeks/year after age 40)

Colin's total compensation lump sum = £18,965.50

What happens to my pension?

If you are a member of the **classic plus** or **premium** pension schemes with at least two years' **qualifying service** (or have transferred pension rights into **classic plus** or **premium** from a personal pension), we preserve (or freeze) your pension until **pension age**, but you could apply to take it early on actuarially-reduced terms from age 50.

If you are a member of **classic plus** or **premium** with less than two years' service we will instead give you a refund of your pension scheme contributions less your share of the cost of reinstating you into the **State Second Pension (S2P)**.

If you have a **partnership** pension account, it will be for you to decide when to turn your pension pot into an annuity (an income for life). You can do this at any time between the ages of 50 and 75.

What about tax?

Under current legislation, your compensation lump sum will be tax-free up to a maximum of £30,000 and you will pay income tax on anything over this.

When your pension comes into payment, you will have an option to give up some of your pension for a lump sum. Under current legislation, this lump sum will be tax-free. You will pay income tax on your pension as if it were earned income.

Compulsory Early Retirement

Who qualifies?

Those aged 50 and over who have at least five years' **qualifying service** and who are forced to retire early (other than through inefficiency or ill health). It includes those who are made redundant and those who apply for redundancy when their employer calls for volunteers.

What are the benefits?

We pay you:

- a lump sum compensation payment when you leave;
- an annual compensation payment (ACP) until you reach **pension age**; and
- a smaller ACP or a further lump sum when you reach **pension age**.

Important note

The benefits are as payable under Flexible Early Retirement plus a lump sum compensation payment of up to 6 months' **final pensionable earnings** (see pages 6 - 9).

If you are over **pension age**, you will not be eligible for these benefits. You may, however, be eligible for compensation equivalent to that which would be payable under the statutory provisions of the Employment Rights (Northern Ireland) Order 1996.

Contact your scheme administrator for details. (Address on Page 1)

How do you work out the lump sum?

The lump sum when you leave has three elements:

- a maximum of 6 months' **final pensionable earnings** or a pro-rata amount if you have had recent part-time service (if you are within three years of **pension age**, the compensation will be reduced by $^{1}/_{36}$ for each month and part month that you are within the three years); plus
- $^{3}/_{80}$ x your **final pensionable earnings** x a **notional service enhancement**; plus
- an element recognising that you will have to wait until **pension age** for the full value of your pension lump sum.

  This is calculated as follows:

  $^{3}/_{80}$ x your **current reckonable service** x your **final pensionable earnings** x factor

(see page 7 for the factor used to calculate the element relating to having to wait to **pension age** for the full value of pension lump sum).

How big is the ACP?

The ACP to **pension age** is:

your **final pensionable earnings** x (your **current reckonable service** plus the **notional service enhancement**) x $^1/_{80}$.

The ACP from **pension age** is:

your **final pensionable earnings** x the **notional service enhancement** x $^1/_{80}$.

You can choose to give up (commute) the ACP from **pension age** for a lump sum. This lump sum is 12 times the annual rate of ACP. If you have a **partnership** pension account you will receive this lump sum and you will not have the choice of an ACP from **pension age**.

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

Example

Joan is aged 55 and is a member of the **premium** scheme. Joan's **final pensionable earnings** are £20,000, her pension age is 60 and she has 25 years' **current reckonable service**.

In this case, Joan's **notional service enhancement** = 5 years

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Joan's lump sum

- part 1 = $^6/_{12}$ x £20,000 = £10,000
- part 2 = $^3/_{80}$ x £20,000 x 5 = £3,750
- part 3 = $^3/_{80}$ x 25 x £20,000 x 0.151 (a factor based on Joan's age) = £2,831.25

Total lump sum = £16,581.25

Joan's ACP to **pension age** =
£20,000 x (25 + 5) x $^1/_{80}$ = £7,500 per year

Joan's ACP from **pension age** =
£20,000 x 5 x $^1/_{80}$ = £1,250 per year
Alternatively, Joan could take a lump sum instead of 12 x £1,250 = £15,000

What happens to my pension?

If you are a member of **classic plus** or **premium**, we preserve (or freeze) your pension until **pension age**, but you could apply to take it early on actuarially-reduced terms from age 50.

If you have a **partnership** pension account, it will be for you to decide when to turn your pension pot into an annuity (an income for life). You can do this at any time between the ages of 50 and 75.

What about tax?

Under current legislation, your compensation lump sum will be tax-free up to a maximum of £30,000 and you will pay income tax on anything over this. The £30,000 limit applies to the total of all compensation lump sums received, whether on departure or at **pension age**. However, if you transferred from the **classic** pension scheme to either the **classic plus** or **premium** schemes on 1 October 2002, your compensation lump sum on departure, other than the element of up to 6 months' **final pensionable earnings**, will be tax-free and will not count towards the £30,000 limit.

Your ACP will be taxed in the same way as earned income.

When your pension comes into payment, you will have an option to give up some of your pension for a lump sum. Under current legislation, this lump sum will be tax-free. You will pay income tax on your pension as if it were earned income.

Compulsory Early Severance

Who qualifies?

These terms are given to those aged under 50 with at least one year's **qualifying service** who are forced to leave early (other than through inefficiency or ill health). Those aged 50 or over who do not have sufficient service to be eligible for compulsory early retirement may also qualify for the compulsory early severance terms.

What are the benefits?

We pay you a lump sum calculated as:

- one month's **final pensionable earnings** for each year of **current reckonable service**; plus
- one month's **final pensionable earnings** for each year of **current reckonable service** after completing five years' **qualifying service** or, if less, for each year of **current reckonable service** after age 30; plus
- one month's **final pensionable earnings** for each year of **current reckonable service** after age 35.

If you are within three years of **pension age**, the compensation will be reduced by $^{1}/_{36}$ for each month and part month that you are within the three years.

The maximum lump sum is 3 years' **final pensionable earnings** (or a pro-rata amount if you have had recent part-time service).

Example

Colin is aged 45 and is a member of the **premium** scheme. Colin's **final pensionable earnings** are £18,000 and he has 15 years' **current reckonable service**.

Colin's compensation lump sum is made up of 3 parts:

- part 1 = $^{1}/_{12}$ x £18,000 x 15 = £22,500 (one month per year)
- part 2 = $^{1}/_{12}$ x £18,000 x 10 = £15,000 (one month per year in excess of 5)
- part 3 = $^{1}/_{12}$ x £18,000 x 10 = £15,000 (one month per year after age 35)

Colin's total compensation lump sum = £52,500

People who were employed in the NICS in a **mobile grade** on 1 April 1987 and who leave while serving in a **mobile grade** have "reserved rights" to have their severance payments calculated on a different basis. The lump sum compensation paid to those who leave under age 40 is not subject to the limit of 3 years' **final pensionable earnings**. And those who leave between the ages of 40 and 50 receive an additional lump sum compensation payment.

i Contact your scheme administrator for details.

What happens to my pension?

If you are a member of the **classic plus** or **premium** pension schemes with at least two years' **qualifying service** (or have transferred pension rights into **classic plus** or **premium** from a personal pension), we preserve (or freeze) your pension until **pension age**, but you could apply to take it early on actuarially-reduced terms from age 50.

If you are a member of **classic plus** or **premium** with less than two years' service we will instead give you a refund of your pension scheme contributions less your share of the cost of reinstating you into the **State Second Pension (S2P)**.

If you have a **partnership** pension account, it will be for you to decide when to turn your pension pot into an annuity (an income for life). You can do this at any time between the ages of 50 and 75.

What about tax?

Under current legislation, your compensation lump sum will be tax-free up to a maximum of £30,000 and you will pay income tax on anything over this.

When your pension comes into payment, you will have an option to give up some of your pension for a lump sum. Under current legislation, this lump sum will be tax-free. You will pay income tax on your pension as if it were earned income.

Dismissal for inefficiency

Who qualifies?

These terms are given to those dismissed on inefficiency who have served for at least one year but only where employers decide that payment of compensation would be appropriate.

What are the benefits?

We may pay you lump sum compensation up to the maximum of that which applies for flexible early severance. The amount of any lump sum will be less than the maximum to the extent that you contributed to the reasons for your dismissal.

If you are a member of the **classic plus** or **premium** schemes, are aged 55 or over and have at least two years' **qualifying service** (or have transferred pension rights into **classic plus** or **premium** from a personal pension), you can opt, instead, for approved early retirement provided that you were entitled to the maximum inefficiency benefits.

What happens to my pension?

If you receive lump sum compensation and are a member of **classic plus** or **premium** with at least two years' **qualifying service** (or have transferred pension rights into **classic plus** or **premium**), we preserve (or freeze) your pension until **pension age**, but you could apply to take it early on actuarially-reduced terms from age 50.

If you are a member of **classic plus** or **premium** with less than two years' service we will instead give you a refund of your pension scheme contributions less your share of the cost of reinstating you into the **State Second Pension (S2P)**.

If you have a **partnership** pension account, it will be for you to decide when to turn your pension pot into an annuity (an income for life). You can do this at any time between the ages of 50 and 75.

What about tax?

Under current legislation, any compensation lump sum will be tax-free up to a maximum of £30,000 and you will pay income tax on anything over this.

When your pension comes into payment, you will have an option to give up some of your pension for a lump sum. Under current legislation, this lump sum will be tax-free. You will pay income tax on your pension as if it were earned income.

Re-employment

If you leave with early retirement or severance compensation benefits and get re-employed by an organisation covered by the NICS pension arrangements, there can be impact on these benefits.

If you were paid lump sum compensation, part of this payment may have to be repaid when you are re-employed. And if you went on compulsory or flexible early retirement, any annual compensation payment (ACP) may be suspended or reduced if you are re-employed.

Important Note

If you do get re-employed by an organisation covered by the NICS pension arrangements, you must tell your new employer about any compensation benefits paid in respect of your previous employment.

Paying benefits

Civil Service Pensions, Department of Finance and Personnel, pay NICS pension and compensation benefits. Every effort is made to make sure that you receive any pension lump sum or any lump sum compensation you are due within a few days of leaving, and any pension or annual compensation you are due as soon as possible afterwards.

Any pension lump sum or lump sum compensation you are due is normally paid direct to your bank or building society account.

Pensions and annual compensation payments are normally paid monthly in arrears to your bank or building society account.

Glossary

We have used a number of special terms in this booklet. We need to use them to make sure that we accurately describe the compensation on benefits payable on early retirement and redundancy to members of the **premium** and **classic plus** pension schemes, and to those with a **partnership** pension account.

- **Classic** is a final salary occupational pension arrangement which forms part of the NICS pension schemes. It's terms and conditions are those which applied to the NICS up to 30 September 2002. Contributions are 1.5% of your pensionable earnings

- **Classic plus** pension arrangement is a final salary occupational pension arrangement which forms part of the NICS pension schemes. It was available from 1 October 2002 for staff in post on 30 September 2002. It provides **premium** arrangement benefits for service from 1 October, with service before 1 October continuing to be pensioned broadly on the model that existed before that date (known as **classic**). Contributions are 3.5% of your pensionable earnings.

- **Current reckonable service** is the service which counts towards compensation benefits. It can differ from the reckonable service which is used to calculate pension benefits. For staff in post on 30 September 2002 who transferred to the **premium** pension arrangement on 1 October 2002, it does not reflect the reduction which was applied for pension purposes to previous reckonable service. For staff employed on or after 1 April 1997 it does not include previous service in the NICS, service arising from rights transferred from another pension scheme or service arising from added years bought.

- **Final pensionable earnings** are 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 when making the comparison.

- **Guaranteed Minimum Pension (GMP)** is the minimum pension that **premium** or **classic plus** must pay for service before 6 April 1997 due to being contracted out of the State Earnings Related Pension Scheme (SERPS).

- **Mobile grade** - You are in a mobile grade if you are an executive officer or higher and your employer expects you to:

  - move to any post within reasonable travelling distance from your home; or
  - take up any detached duty.

- **Notional service enhancement** is the extra service which counts towards your compensation benefits on compulsory or flexible early retirement, together with the service you have actually worked. Details of how it is calculated are contained in the Flexible Early Retirement section of this booklet.

Glossary (cont.)

- **partnership pension account** is a money purchase arrangement where your pension will be based on the level your's and your employer's contributions, the performance of your chosen fund, and the annuity you buy with your pension pot.

- **Pension age** is the earliest age at which you may retire voluntarily and receive immediate **classic plus** or **premium** pension benefits without them being reduced. For most members, it is 60.

  If you have a **partnership** pension account, you may apply to your pension provider to take your pension at any time from age 50, but where **pension age** is used in this booklet to describe the timing of the payment of compensation benefits, it means age 60.

- **Premium** pension arrangement is a final salary occupational pension arrangement which forms part of the NICS pension Schemes. It was introduced from 1 October 2002. In this arrangement, your pension is based on your years of service and final pensionable earnings. Contributions are 3.5% of your pensionable earnings.

- **Qualifying service** is the service which enables you to be entitled to pension and compensation benefits. A week's full-time or part-time service both count as one week's qualifying service.

- **State pension age** is currently 65 for men and 60 for women. For women, it will increase to 65 over the years 2010 to 2020.

- **State Second Pension (S2P)** is the additional state pension (on top of the basic state retirement pension) that used to be called State Earnings Related Pension Scheme (SERPS). The amount you receive depends on your National Insurance contributions.

Other Information

Note: This booklet provides a straightforward guide for early retirement and redundancy to members of the **premium** and **classic plus** pension arrangements and to those who have a partnership pension account. 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 booklet can override the rules and in the event of any unintentional difference, the rules will prevail.

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

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