

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

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Introduction


This booklet outlines the compensation benefits payable on early retirement and redundancy from 6 April 2006 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.


For each retirement category, we explain both how we calculate the benefits and also what the criteria are. 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.

 Ill-health or medical retirement is covered in the booklet 'classic plus and premium ill-health retirement pension benefits'.

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 Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] pension arrangements at a later date.

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

Terms shown in **bold** print are explained in the glossary at the end of the booklet.

 For information about your pension benefits, the following booklets are available from us.

- 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.

At a Glance

Type of Departure	Benefits	Who Qualifies
ARR	<ul style="list-style-type: none"> • Early payment of reduced pension 	Pension scheme members ¹ aged 50 (age 55 for new entrants from 6 April 2006) or over may request.
AER	<ul style="list-style-type: none"> • Early payment of pension without reduction 	Employer may offer to pension scheme members aged 50 (age 55 for new entrants from 6 April 2006) or over, with at least 5 years' service. Pension scheme members ¹ aged 55 or over with at least 25 years' service may request, but subject to employer agreement.
FER	<ul style="list-style-type: none"> • Lump Sum compensation • Annual payments to pension age • Smaller annual payments from pension age • Pension preserved to pension age² 	Employer may offer to those aged 50 or over with at least 5 years' service.
FES	<ul style="list-style-type: none"> • Lump sum compensation (maximum of 2 years' pay) • Pension preserved to pension age² 	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	<ul style="list-style-type: none"> • Lump sum compensation • Annual payments to pension age² • Smaller annual payments from pension age¹ • Pension preserved to pension age² 	Employer will provide to those made redundant (or those who apply for redundancy when employer asks for volunteers), aged 50 or over with at least 5 year's service.
CES	<ul style="list-style-type: none"> • Lump sum compensation (maximum of 3 years' pay) • Pension preserved to pension age² • Special terms for certain staff who were in service 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	<ul style="list-style-type: none"> • Lump sum compensation up to a maximum as for FES • Option for pension scheme members¹ aged 50 or over (age 55 for new entrants from 6 April 2006) who are offered maximum compensation to take AER instead 	Employer may provide to those with at least 1 year's service who are dismissed for inefficiency.

¹ 'Pension scheme members' means people who are members of premium or classic plus pension schemes only.

² 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.

(Above references to 'pension preserved to pension age' relate to premium and classic plus only).

Actuarially-reduced early retirement

Who qualifies?


Apart from the severance and compensation benefits, most members of **classic plus** or **premium** who are aged 50 (age 55 for new entrants from 6 April 2006) or over can choose 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.

 Contact us for more details.

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. 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 (age 55 for new entrants from 6 April 2006) 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.

We work out your pension as follows;

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

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.

Note: Pension lump sums are tax-free subject to the lifetime allowance.

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:

- $\frac{3}{80}$ 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;

$\frac{3}{80}$ x reckonable service x final pensionable earnings x factor.

(See page 7 for the factors)

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 $\frac{1}{80}$.

The ACP from pension age is:

Your final pensionable earnings x the notional service enhancement x $\frac{1}{80}$

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 compensation lump sum

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

Total compensation lump sum = £6,581.25

Joan's ACP to **pension age** =
 $£20,000 \times (25+5) \times 1/80 = £7,500$ per year

Joan's ACP from pension age =
 $£20,000 \times 5 \times 1/80 = £1,250$ per year

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

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 schemes, we preserve (or freeze) your pension until pension age, but you could apply to take it early on actuarially-reduced terms from age 50 (age 55 for new entrants from 6 April 2006). 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 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.

Note: Pension lump sums are tax-free subject to the lifetime allowance.

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

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 $\frac{1}{36}$ 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:

- part 1 = $\frac{2}{52.2} \times £18,000 \times 5 = £3,448.28$
- part 2 = $\frac{3}{52.2} \times £18,000 \times 5 = £5,172.41$
- part 3 = $\frac{4}{52.2} \times £18,000 \times 5 = £6,896.55$
- part 4 = $\frac{2}{52.2} \times £18,000 \times 5 = £3,448.28$

Colin's total compensation lump sum = £18,965.52

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 (age 55 for new entrants from 6 April 2006).

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.

Note: Pension lump sums are tax-free subject to the lifetime allowance.

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 5-7.

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 Act 1996.

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 $\frac{1}{36}$ for each month and part month that you are within the three years); plus

- $\frac{3}{80}$ 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:

$\frac{3}{80}$ 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 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 $\frac{1}{80}$

The ACP from pension age is:

Your final pensionable earnings x the notional service enhancement x $\frac{1}{80}$

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 compensation lump sum

- Part 1 = $\frac{6}{12} \times £20,000 = £10,000$
- Part 2 = $\frac{3}{80} \times £20,000 \times 5 = £3,750$
- Part 3 = $\frac{3}{80} \times 25 \times £20,000 \times 0.151$
(A factor based on Joan's age) = £2,831.25

Total compensation lump sum = £16,581.25

Joan's ACP to **pension age**
= $£20,000 \times (25 + 5) \times \frac{1}{80} = £7,500$ per year

Joan's ACP from pension age
= $£20,000 \times 5 \times \frac{1}{80} = £1,250$ per year

Alternatively, Joan could take a lump sum instead of; $12 \times £1,250 = £15,000$

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 (age 55 for new entrants from 6 April 2006).

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 subject to the lifetime allowance. 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 compensation 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 $\frac{1}{36}$ 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 1:

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 = $\frac{1}{12} \times £18,000 \times 15 = £22,500$
- Part 2 = $\frac{1}{12} \times £18,000 \times 10 = £15,000$
- Part 3 = $\frac{1}{12} \times £18,000 \times 10 = £15,000$

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

Example 2:

Jenny is aged 38 and is a member of the premium scheme. Jenny's final pensionable earnings are £22,000 and she has 4 years' current reckonable service.


Jenny's compensation is made up of 3 parts:

- Part 1 = $\frac{1}{12} \times £22,000 \times 4 = £7,333$
- Part 2 is nil as Jenny has not completed 5 years' qualifying service; and
- Part 3 = $\frac{1}{12} \times £22,000 \times 3 = £5,500$

Jenny's total compensation lump sum = £12,833

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.

 Contact us 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 (age 55 for new entrants from 6 April 2006). 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 subject to the lifetime allowance. 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 (age 55 for new entrants from 6 April 2006).

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 subject to the lifetime allowance. You will pay income tax on your pension as if it were earned income.

Additional information

Re-employment

If you leave with early retirement or severance compensation benefits and get re-employed by an organisation covered by the PCSPS(NI) 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 PCSPS(NI) arrangements, you must tell your new employer about any compensation benefits paid in respect of your previous employment.

Paying benefits

We pay pension and compensation benefits as quickly as possible, although no particular start date can be promised. This is because the benefit calculations can only be completed on your last day. 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 payments you are due as soon as possible afterwards. Any pension lump sum or lump sum compensation you are due is paid direct to your bank or building society account.

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

Contacting Us

You can contact us at CSP by a number of different methods:

By Post:

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

By Telephone: 028 7131 9000


By Fax: 028 7131 9234

By Email: cspensions.cpg@dfpni.gov.uk

Internet: www.civilservicepensions-ni.gov.uk

Important note

This booklet provides a guide to the main compensation provisions. It does not cover every aspect: the full details are contained only in the rules, which are the legal basis of the Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)]. You should note that nothing in this booklet can override the rules, and in the event of any unintentional difference, the rules will prevail.

 For more information about specific benefits, please contact us using any of the methods above.

Lifetime Allowance

For information about the lifetime allowance, see the booklet 'Pensions and Tax – the rules from 6 April 2006' available on our website or by contacting us using any of the methods above.

Glossary

classic plus pension scheme is a final salary occupational pension scheme which forms part of the PCS(S)(NI) arrangements. It was available from 1 October 2002 for staff in post on 30 September 2002. It provides premium scheme 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).

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 scheme 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 PCS(S)(NI), 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 compensation benefits. The figure may be different from the one used to calculate your pension benefits.

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.

partnership pension account is a money purchase scheme where your pension will be based on the level of your's and your employer 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 scheme is a final salary occupational pension scheme which forms part of the NICS pension arrangements. It was introduced from 1 October 2002.

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 Retirement Pension (SERPS).

The amount you receive depends on your National Insurance contributions.

You can obtain more information about the CSCS(NI) and pension arrangements from our [website](#).



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