

Leaving premium before pension age with 2 or more years' service

This leaflet provides a guide to the premium benefits you will receive when you reach pension age. For most people that is age 60. If you are leaving early with benefits, see the booklet 'Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)] Early retirement and redundancy for classic plus, premium and partnership pension account members'.

For information about your benefits under the CSCS(NI) you should contact us.

Retirement Benefits

Your pension is preserved for payment at pension age. We will increase your preserved pension each year in line with the increase in the Retail Prices Index (RPI). This 'pensions increase' will continue when your pension comes into payment. Remember to tell us if you move house.

When you reach pension age, you will be entitled to a pension calculated using your final pensionable earnings and your reckonable service. You will, however, be able to commute (give up) some of your pension for a tax-free lump sum.

You will also have the following options, which you may wish to consider before pension age:

- to take the transfer value of your pension to another pension scheme or arrangement;
- to draw your pension early, but on a reduced basis, from age 50 (55 if you joined the Northern Ireland Civil Service (NICS) on or after 6 April 2006) or later; or
- 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

We work out your pension as follows:

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

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

Before it comes into payment, you can commute (give up) some of your pension in exchange for a tax-free lump sum, subject to the Lifetime Allowance.

We will tell you about the maximum lump sum you can have. Within the maximum, you choose how much lump sum you want, but for each £12 of lump sum you must give up £1 of annual pension.

You can find out how much lump sum you can take and the effect it will have on your pension by using the calculator on our website. You can ask us to do this for you if you do not have access to the calculator.

Reducing annual pension in this way generally has no impact on 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. As taking a higher lump sum reduces your pension, this might lead to your dependants' pensions being reduced if you die after reaching 75. But this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education) when you die over age 75.

The amount of pension, after reduction, must be enough to cover the amount of any guaranteed minimum pension we have to pay you at State pension age. That may limit how early you can draw your pension. However, you may be able to take your pension early and give up some of that reduced pension for a lump sum, see the section 'Lump sum'.


Claiming your pension

Unless you transfer your pension elsewhere, or draw it early, you should write to us around 3 months before you reach pension age. We will then send you a claim form.

Allocation of pension

You may want to give up some of your own pension to provide (allocate) a pension, after your death, for someone else. Premium provides a pension for a surviving spouse, civil partner or eligible partner anyway, but you might want to allocate some of your own pension either to increase this pension or to provide a pension for someone else.

You can only allocate pension to someone who depends on you financially or if you both depend on each other financially. 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 us for further details about what this might mean for you.

Taking a transfer value

Instead of having your pension preserved in premium, you can have the value of your pension transferred to:

- another employer's pension scheme;
- a personal pension; or
- a stakeholder pension (including, if you are eligible, a partnership pension account).

If you want to transfer the value of your premium pension, you should ask us for a transfer value quotation. Before you proceed with a transfer, you should make sure that you understand what you are giving up and what you will get in return. We suggest that you also ask your new scheme administrator about the transfer arrangements.

Please note that transfers are subject to time limits, and some of these time limits require you to take prompt action.

For more information about taking a transfer value, ask us.

To find out if you are eligible for a transfer under the Public Sector Transfer Club (Club) arrangements, ask us for the 'Club' leaflet.

Drawing your pension early

You can apply to us to have your pension paid early on a reduced basis at any time after reaching age 50 (55 if you joined the NICS on or after 6 April 2006). As it is paid early, we reduce your pension by around 5% for each year before pension age.

So, if you draw your pension 5 years early at age 55, it would be around 25% less than you would have received if you had waited until age 60. Pensions increase is due on your pension if you draw it before age 55, but it is not payable until you reach age 55.

The amount of pension, after reduction, must be enough to cover the amount of any guaranteed minimum pension we have to pay you at State pension age. That may limit how early you can draw your pension. However, you may be able to take your pension early and give up some of that reduced pension for a lump sum, see the section 'Lump sum'.

Death Benefits

Lump sum benefits

If you die before you draw your pension, we will pay a lump sum of 5 years' worth of pension to whoever you have nominated.

If you die within 5 years of drawing your pension, we will pay the balance of 5 years' worth of pension to whoever you have nominated.

If you want to change your nomination after you leave service, please contact us.

If we do not have a valid nomination on file when you die, we will pay any death benefit to your personal representatives.

Benefits for your spouse or civil partner (from 21 December 2005)

We will pay your spouse or civil partner a pension for life. This pension will be 3/8 of your pension before commuting any of it into lump sum.

Benefits for your partner

If you are not married, your partner may be eligible for a pension for life. You and your partner must fill in a declaration form, as we cannot pay a partner's pension without one. Ask for the booklet 'Pensions for Partners', which contains the declaration form and more information about eligibility for a partner's pension. This pension will be based on 3/8 of your pension before commuting any of it into lump sum.

Benefits for your children

We may pay a pension to any eligible child.

The pension is:

- 30% of your pension if we pay a pension after your death to your surviving spouse or civil 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 total amount that we would pay for two children.

Rejoining Premium

You may be able to rejoin premium either by switching from partnership or if you are re-employed after leaving the NICS.

If, after a break of 6 months or less, you rejoin premium, your preserved pension will be cancelled and the earlier period of service will be aggregated (joined up) with your new service for a single pension based on your final pensionable earnings when you next leave.

Provided your earlier pension was preserved, you will be instantly entitled to benefits that require at least 2 years' qualifying service.

If you rejoin premium after a break of over 6 months, we will give you an option to aggregate. You must take up this option within 12 months of rejoining. In deciding whether or not to take up an aggregation option, you will need to consider whether you think your pay will increase faster than prices.

You should contact us when you rejoin so that you can find out more.

State Pension

When you reach State pension age, the State basic pension becomes payable if you have paid enough National Insurance contributions.

You should contact your local Social Security office for more information.

Changes at State pension age

Also, when you reach State pension age, the part of the pensions increase which relates to your guaranteed minimum pension is paid with your State pension rather than with your PCSPS(NI) pension

The Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS)

If you have contributed to the NICSAVCS, we will write to you separately about those contributions.

Disagreements and complaints procedures

If you have a complaint about your premium pension which you have been unable to sort out with us, you can ask us for the leaflet 'If you have a complaint about your pension'.

Other information

Note: This leaflet provides a guide to the main provisions of leaving premium with 2 or more years' service. It may 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 us.

How do I find out more?

If you have any questions about the payment of benefits or any other queries relating to the information in this leaflet please contact us at:

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75 Duke Street
Derry / Londonderry
BT47 6FP

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Fax: 028 7131 9234

Email: cspensions.cpg@dfpni.gov.uk

Web: www.civilservicepensions-ni.gov.uk

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