



Department of
**Finance and
Personnel**

www.dfpni.gov.uk

Leaving premium before pension age with less than 2 years service

A guide to what is available



Civil Service Pensions

This leaflet is a guide to what happens to your premium benefits if you leave before **pension age** with less than 2 years' **qualifying service**.

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 difference, the rules will apply.

We have tried to use as little jargon as possible. Where we have had to, we have put these words in **bold** and explained them in the 'Glossary' section at the end of the leaflet.

Introduction

If you leave with less than 2 years' qualifying service, you have no rights to premium pension benefits. We will write to you to ask if you want to:

- transfer the notional value of your premium pension benefits to another pension scheme or arrangement; or
- receive a refund of the contributions you made to premium.

We explain more about these options overleaf.

Taking a transfer

You can ask us to pay a transfer sum to buy you benefits in:

- another UK pension scheme or arrangement that is registered by HM Revenue & Customs, or
- a **qualifying recognised overseas' pension scheme**.

The transfer sum is the cash value of the notional pension benefits based on your service.

If you wish to transfer, you must return your completed transfer application form to us within 3 months of us writing to you. We will enclose the relevant form with our letter and will confirm the date you must return this by.

Refund of contributions

If you do not ask for a transfer, you will receive a refund of your contributions instead. We will deduct an amount from this refund to cover the cost of buying you benefits in the **State Second Pension scheme (S2P)** and an amount for income tax. This is because the law says that you must pay into S2P if you are not paying into an occupational 'contracted-out' pension scheme, which premium is. As premium is 'contracted-out', it means that you would have paid less income tax during the time you were contributing to it.

You should be aware that once you have received a refund of your contributions, you will not then be able to repay the refund to take a transfer instead. Neither will you be able to repay this refund in order to increase your pension benefits if you are subsequently re-employed by an employer covered by the PCSPS(NI) pension arrangements. You will, however, keep your entitlement to the benefits we have bought for you in S2P. The letter from us will tell you how much these options are worth to you.

Please note that a refund of contributions is likely to be worth substantially less than the value of the benefits you can transfer. You should write to us if you want to claim a refund of contributions rather than take a transfer. (If you do not respond to the letter by the date given, we will assume you want a refund of your contributions).

Note

If you:

- are leaving before **pension age** with less than 2 years' **qualifying service** but you have had a transfer value paid in from a personal pension or from a retirement annuity contract,

or

- have a previous **preserved** PCSPS(NI) pension,

you will be treated the same as someone who has 2 or more years' qualifying service. You will need to refer to the booklet 'Leaving premium before pension age with 2 or more years' service'.

Northern Ireland Civil Service Additional Voluntary Contributions (NICSAVCs)

If you have been paying NICSAVCs, we will write to you separately about these contributions.

Opting out of premium within the first 3 months of your employment

If you opt out of premium within the first 3 months of your employment, you will automatically receive a refund of your contributions. You will not have the option to take a transfer. (The refund will take account of the cost of putting you back into S2P and any income tax that you owe.)

Finding out more

We can give you information which is specific to you. You should contact us to discuss the information in this leaflet and how it affects you. Alternatively you can obtain more information about the PCSPS(NI) from our website:

www.civilservicepensions-ni.gov.uk

Glossary

Pension age

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

Preserved Pension Benefits

Benefits from an earlier period of service in the PCSPS(NI) arrangements that will come into payment at a later date, usually at pension age.

Qualifying recognised overseas' pension scheme

A scheme that satisfies certain HMRC (Revenue & Customs) requirements.

Qualifying service

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

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.