



# Higher tax-free lump sums (classic plus)

This leaflet/booklet explains that one of the benefits that you will receive when you retire is a tax-free lump sum of 3 times that part of your pension which relates to service before 1 October 2002. It also explains that you can choose to give up some of your pension relating to service on or after 1 October 2002 for an additional lump sum.

If your last day of service is on or after 1 October 2007, the maximum additional lump sum that you will be able to take is being increased. The maximum additional lump sum you will be able to take is:

- $\frac{33}{14}$  times your initial pension relating to service before 1 October 2002 **plus**
- $\frac{30}{7}$  times your initial pension relating to service from 1 October 2002.

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

You can find out how much additional lump sum you can take and the effect it will have on your pension by using the calculator available in the “Latest News” section at the following web address:

[www.civilservicepensions-ni.gov.uk](http://www.civilservicepensions-ni.gov.uk)

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’ pension 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.

If you are single and eligible to receive a partial refund of WPS (widows’/widowers’ pension scheme) contributions on retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund plus any additional lump sum you choose to take cannot exceed the limit of  $\frac{33}{14}$  times your initial pension.

