PCSPS(NI)

Principal Civil Service Pension Scheme (Northern Ireland)

Pension Choices

premium or partnership

Department of Finance and Personnel

www.dfpni.gov.uk

Civil Service Pensions

Contents

Note: Text in **bold** in this booklet has an entry in the glossary on pages 32 - 33.

Welcome to Civil Service Pensions

Firstly, congratulations on your new job. We hope your new Northern Ireland Civil Service (NICS) career is happy, fulfiling and successful.

We have a long history of providing staff with a pension when they retire from work. Your pension is a valuable part of your pay package.

In addition, the PCSPS(NI) pension arrangements provide a wide range of benefits for you and your family both whilst you are working and when you leave the NICS.

Your employer will automatically enrol you in **premium** on your first day of service. You will pay contributions of 3.5% and your employer will also make their contributions.

However, we are also giving you the option of a **partnership** pension account. It is important that you read the contents of this booklet before you decide.

Even if you want to stay in premium it is important that you complete and return your **Pension*Choices*** form. This gives us your death benefit nomination and lets us know if you wish to **transfer in** any previous service.

If you want to have a partnership pension account, it is important that you complete and return your Pension*Choices* form within 3 months of joining so that your contributions to premium can be refunded or paid into your partnership pension account. You must also complete the provider's application form.

Both choices offer valuable benefits but their suitability for you depends upon your personal circumstances and how you see your career progressing.

We recommend that you read this booklet carefully and keep it for future reference. It gives you a summary of your pension choices.

Note: This booklet provides a guide to enable you to make your choice of pension. 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 booklet can override the rules, and in the event of any unintentional difference, the rules will prevail.

What options do I have?

You may choose between two pension arrangements:

- the **premium** pension scheme; or
- the **partnership** pension account.

The premium arrangement is an occupational final salary pension scheme. Your pension is based on your years of service and your salary when you leave. Pensions paid from premium increase with inflation every year. The premium arrangement also provides a pension for your dependants after you die.

The partnership pension account is a stakeholder pension, which is a type of personal pension. You do not have to pay any contributions but your employer will pay contributions into your pension fund whether you wish to contribute or not. These contributions are invested for you by your chosen pension provider. Over the years, your pension fund should grow with investment returns (the money earned by your invested pension contributions), and you use the resulting 'pot' to buy a pension when you retire or to leave to someone when you die.

The partnership pension providers are:

- Standard Life;
- Scottish Widows; and
- TUC/Prudential.

Full contact details can be found in the leaflets enclosed with this booklet.

Opting out of PCSPS(NI)

You can opt out and not have a pension but you should think carefully before doing this. You would be giving up the important scheme benefits listed next, including the chance to have a free pension.

What benefits might I expect?

This will depend upon whether you choose premium or partnership but you may expect:

- A range of benefits for you and your family whilst in work and when you retire; (see summary table on page 3)
- A death-in-service lump sum (life assurance) paid to whoever you have nominated should you die in service;
- Access to a range of providers who can offer you means of boosting your pension on favourable terms;
- The opportunity to have a pension from a partnership pension account without you paying a penny;
- A substantial contribution from your employer towards your pension and other benefits;
- Tax relief on your pension contributions.

How do these options compare?

The following section should help you by answering some of the questions you may have.

On the following page we have included a 'Summary of scheme benefits' which gives a brief overview of both schemes. There is also a 'Your questions answered" section after the overview which should help you by answering some of the questions you may have.

Summary of scheme benefits

premium defined benefit scheme	partnership defined contribution arrangement
Substantial employer contributions.	Substantial employer contributions.
Comparatively low employee contributions – currently 3.5% of **pensionable earnings**.	No employee contributions required. You can contribute up to 100% of your **taxable income** or £3,600, whichever is higher, and receive full tax relief, subject to the **Annual Allowance**.
Retirement pension for the member based on **final pensionable earnings** and length of service x accrual rate of 1/60.	Retirement income from an **annuity** bought with **partnership** pension account 'pot'.
Benefits payable on retirement at **pension age** (currently 60) or after. If re-employed in an organisation covered by the PCSPS(NI), pension may be reduced whilst working. No reduction if employed outside the pension arrangements.	Benefits may be taken at any age between 50 and 75. This will be between 55 and 75 for all partnership pension account holders from 6 April 2010. Do not have to retire in order to take benefits and salary is not affected.
Lump sum – available by giving up some pension.	Lump sum – possible from pension pot before buying **annuity**, but you may have to change providers for income withdrawal (sometimes known as income drawdown).
Death-in-service benefit lump sum = 3 x pay.	Death-in-service benefit lump sum = 3 x pay.
Death-in-service pension for **dependants.**	Dependants receive pension pot as a lump sum on death-in-service.
Pension for: widow/widower, **civil partner** or partner and children. Partner's pension dependent upon completion of a valid Declaration Form. See Annex B in this booklet.	Member's choice of additional benefits for dependants.
Ill-health retirement pension.	Ill-health retirement lump sum.

Summary of scheme benefits

premium defined benefit scheme	partnership defined contribution arrangement
Opportunity to increase pension benefits by: • buying added years; • added pension will replace added years from 1 March 2008, or 1 October 2007 if over 60; • contributing to the Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS); or • Stakeholder pension. You may also be able to **transfer in** benefits from a previous pension arrangement.	Flexibility to increase pension pot and eventual benefits within **HMRC** employee contribution limits. You can contribute up to 100% of your **pensionable earnings** or £3,600 a year, whichever is the higher. You will receive tax relief on all your contributions as long as the total value of your pension rights does not exceed the **Annual Allowance**.
State pension benefits	
The **premium** arrangement is a **contracted-out** scheme so you pay lower National Insurance contributions. You will not have any **State Second pension (S2P)**for your period of service, although under certain circumstances a top-up payment is made.	The **partnership** pension account is a contracted in scheme. • You pay full National Insurance contributions. • You receive the basic State pension (if you have paid enough National Insurance contributions). • You also receive S2P for your contributions whilst you have a partnership pension account.
See Annex A for more information	

You ask	premium	partnership
How does my pension work?		
Are there any conditions for receiving a pension?	You must have 2 years' qualifying service unless you have service bought by **transferring in** a personal pension. Service transferred in or **preserved** counts as qualifying service. You must stop work to take your pension benefits which are payable at 60.	You must be eligible to join the scheme.
How is my pension worked out?	One-sixtieth of your **final pensionable earnings** for each year which counts for a pension. If you work part-time please see the section on page 6.	You use your pension fund to buy a pension **annuity**. Your pension is based on your fund value and annuity rates at retirement. You decide what sort of pension you want, and you can shop around for the best deal.
Can I have a lump sum as well as a pension?	Yes. You have to give up £1 of pension for each £12 of lump sum. Under current tax law, the lump sum will usually be tax free, subject to the **Lifetime Allowance.**	Under current tax law you can take up to 25% of your fund as a tax-free lump sum when you use your pension fund to buy an annuity, subject to the Lifetime Allowance.
What might my pension look like?	Liam retires with 32 years' **reckonable service**. His final pensionable earnings are £18,000. Liam chooses to take £12,000 lump sum. Pension is: 32 years x 1/60 x £18,000 = £9,600 a year Pension exchanged for lump sum is: £12,000/12 = £1,000 Liam's pension = £9,600 - £1,000 = £8,600 a year Liam's lump sum = £12,000	The amount of your pension will depend on: • the amount of money that both you and your employer contribute every month; • the investment returns that your pension provider achieves in the fund, or funds, you choose; • the annuity rate that is used to convert your pension 'pot' into a monthly income when you retire; • the amount of lump sum you take from your fund; and • the type of pension annuity you choose.

You ask	premium	partnership
How does my pension work?		
I work part-time. How does this affect my pension?	Your pension is worked out based on the years' and days' reckonable service you actually work and your **final pensionable earnings.** Your pension is NOT worked out on your part-time pay. So if you worked 2.5 days a week you would build up 0.5 years of reckonable service in a calendar year. Your pensionable earnings is the pay you would have received if you worked full-time. Example Karen has been working 18 hours a week for 10 years in a job where the full-time hours are 36 a week. She received a part-time salary of £9,000 in her last year. Karen's reckonable service is: 18/36 x 10 = 5 years Her final pensionable earnings are: 36/18 x £9,000 = £18,000 Karen's pension is: 5 x 1/60 x £18,000 = £1,500 a year Karen chooses a lump sum of £2,400 Pension exchanged for lump sum is: £2,400/12 = £200 Karen's pension is: £1,500 - £200 = £1,300 a year Karen's lump sum is: £2,400	Your pension fund is made up of contributions. Your employer's contributions are based on your actual part-time pay. You can choose how much, if any, contributions you want to make.
When do I get my pension?	In **premium** you have a **pension age** of 60. Pension age is the earliest age at which you can retire and take your pension without it being reduced.	You can use your pension fund to buy an **annuity** that will provide you with a pension. You can do this currently at any time between the ages of 50 (age 55 from 2010) and 75. You do not have to stop work and your salary will not be affected.
Will you increase my pension when I am a pensioner?	We will increase your pension in April every year in line with the percentage increase in the **Retail Price Index** in the 12 months to the previous September. We call this "pensions increase".	Depending upon the type of annuity you buy there may be provision for increases in your pension.

Your questions answered

<table>
<tr><th>You ask</th><th>premium</th><th>partnership</th></tr>
<tr><td colspan="3">How does my pension work?</td></tr>
<tr><td>Do I get a State pension as well?</td><td>You will receive the basic State retirement pension if you have paid enough National Insurance contributions.</td><td>You will receive the basic State retirement pension plus the State Second Pension (S2P). Or you can contract-out of S2P and the State will pay a rebate (refund) of your National Insurance contributions into your partnership pension account.</td></tr>
<tr><td>How much will I pay?</td><td>You currently pay 3.5% of your pensionable earnings towards the cost of your premium pension. Your employer takes your contributions from your ‘take home’ pay before you pay Income Tax so you actually pay less than 3.5%.</td><td>You don’t have to pay anything. You will have to pay the standard (higher) rate of National Insurance contributions if you do not contract-out.

But if you do contribute, your employer will match this up to 3% of your pay in addition to the employer age-related contributions.

You can pay up to 100% of your taxable income or £3,600, whichever is the higher, and receive full tax relief, subject to the Annual Allowance.</td></tr>
<tr><td>Do I pay contributions on all my pensionable earnings?</td><td>Yes, although high earners are subject to an earnings cap.

Salary of, or above
• £112,800 from 2007/08
Please ask us for full details.</td><td>You can contribute up to 100% of your taxable income or £3,600, whichever is the higher, and receive full tax relief, subject to the Annual Allowance.</td></tr>
<tr><td>Are my contributions fixed?</td><td>The contribution rate could change in the future if the scheme costs go up. But no changes will happen without full consultation with the unions and plenty of notice to staff.</td><td>You can vary your contribution rate but you have to give notice.</td></tr>
</table>

You ask	premium	partnership
How does my pension work?		
How much does my employer pay?	Your employer pays enough contributions to provide all benefits – not just a pension for you but also benefits for your **dependants** when you die. The average employer contribution is currently 19.4% of pay.	Your employer will pay: • a contribution of between 3% and 12.5% based on your age; • plus extra contributions matching yours up to 3% of your **pensionable earnings**; • the cost of benefits on death-in-service • the cost of benefits on ill-health retirement. Your employer will also pay higher National Insurance contributions if you do not contract out.
Is there a limit to my pension benefits?	You are not allowed to have more than 40 years' service counting towards a pension. Note: From 1 March 2008 it is proposed to extend the service limit to 45 years. Where people already have service in excess of current limits on that date, only further service after that date will count.	No.
What if I have more than 40 years' service before age 60?	You stop paying contributions after you have built up 40 years in **premium**. See note above. The proposed 45 year limit will be applied without any reference to age.	This does not affect your **partnership** pension. Your pension is not based on your **reckonable service**.
I have a preserved pension from earlier service - what choices do I have ?	If you have a frozen or **preserved** pension from an earlier period of service in the PCSPS(NI) you can usually choose to combine your earlier service with your current service for a single pension. Depending on your salary now and when you were employed previously, this can be very beneficial.	Although you can transfer these rights into your 'partnership pension account', you will not get a special deal. Also, make sure you understand the implications of **transferring in** benefits from a **contracted-out** pension scheme.

You ask	premium	partnership
Transferring in pensions from another scheme		
I have a pension from another employer. Can I bring this into the scheme?	You should tick the box in Section 2 of your **Pension*Choices*** form. We will then write to you with full information.	You can transfer rights built up in a previous scheme into a **partnership** account. You should make this wish clear on the provider's application form. Also make sure you understand the implications of **transferring in** benefits from a **contracted out** pension scheme. Consult an IFA if needed.
Are there time limits on transferring my pension?	Yes. You can apply at any time before you make arrangements to start drawing your pension, to bring in a transfer value from an occupational pension scheme on standard (non-Club) terms. If you are applying for a transfer to be handled under the **Public Sector Transfer Club** arrangements, you must apply within 12 months of being eligible to join **premium** and before you make arrangements to draw your pension. If you wish to apply to bring in a transfer from a non-occupational pension scheme (eg. a personal pension), you must apply within 12 months of joining premium and before you make arrangements to draw your pension.	Your pension provider will tell you about the transfer arrangements.

You ask	premium	partnership
Transferring in pensions from another scheme		
What is the Public Sector Transfer Club?	This is a club for pension schemes that offers special terms for transferring benefits into **premium.** Members include schemes run for the NHS, local government and teachers. Club terms only apply when an individual moves employer on a voluntary basis. To find out more about the Club, see the leaflet below on our website or ask us for a copy: • 'The Public Sector Transfer Club'.	Although you can transfer these benefits into a **partnership** account you will not get a special deal.
How does a transfer work?	The value of your old scheme benefits is converted using market factors to buy years and days of service in the PCSPS(NI). Your old scheme benefits will not necessarily buy the same amount of pension. For example: You may have worked for 10 years in your old scheme but your transfer value may only buy 8 years in the PCSPS(NI). This reflects the difference in the value of the benefits provided.	You need to contact your partnership provider for details of how to proceed.
What do I do first?	Fill in the **Pension*Choices*** form and tick the box in Section 2, Option1 (a).	Contact your partnership provider.
What happens next?	We will contact your previous scheme for a transfer value. We will then send you an estimate of how much service the value of your old scheme benefits will buy in to the PCSPS(NI). You can then choose whether to go ahead with the transfer.	

You ask	premium	partnership
Pension boosting		
What options do I have for topping up my pension?	You can: • buy "added years" in **premium***; or • invest in the Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS). You can also contribute to other pension arrangements (see page 12). *From 1 March 2008 you will be able to buy added pension and added years will be withdrawn. Please see the leaflet on our website or ask us for details.	You can increase your contributions and make extra contributions. As a **partnership** account holder you will not be able to invest in the Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS) or to buy added years.
I am on a fixed term appointment (FTA). Do I have the same choices?	Yes.	Yes.
How do NI Civil Service AVCs work?	You choose to invest with one of our providers – Scottish Widows or Standard Life. You also choose how you want to invest your money. You use your fund to buy an **annuity** – a pension for life and you can take up to 25% of your fund as a lump sum (which is normally tax free) when you draw your pension. You choose the type of pension you want including whether you want increases and whether you want to provide for a husband/wife/civil partner or partner after you die.	As a partnership account holder you will not be able to invest in the (NICSAVCS) or to buy added years. But you can invest in other pension arrangements and contribute up to 100% of your taxable income or £3,600 whichever is the higher and receive full tax relief, subject to the Annual Allowance.

You ask	premium	partnership
Pension boosting		
How do "added years" work?	You agree to buy a number of added years. The rate for these is fixed as a percentage of your salary and depends on your age. The contract starts from the next convenient pay period and continues until **pension age**. Your total contributions including your 3.5% – are limited to 15% of your earnings. There may be other limits on the number of added years you can buy. We will tell you about this if necessary.	As a **partnership** pension account holder you are not able to buy added years, but you can invest in other pension arrangements and contribute up to 100% of your **taxable income** or £3,600, whichever is the higher, and receive full tax relief, subject to the **Annual Allowance.**
What happens to my added years if I leave the scheme before pension age and have not paid all my contributions?	We will credit you with the added years you have paid for. This applies whatever your reasons for leaving the scheme.	Not applicable.
What about stakeholder pensions?	These are similar to **AVCs** and you can take up to 25% of your fund as a lump sum when you draw your pension. The lump sum is normally tax free, subject to the **Lifetime Allowance**. You can draw your stakeholder pension at any time from age 50 (age 55 from 6 April 2010) to 75 without affecting your salary. You can contribute up to 100% of your taxable income or £3,600, whichever is higher and receive full tax relief subject to the Annual Allowance. This limit takes account of your contributions to **premium**.	The partnership pension account is a type of stakeholder pension. You can take out further stakeholder pensions but you will have to make your own arrangements for this.

You ask	premium	partnership
Ill Health		
What about ill health pensions?	There are two levels of pension depending on whether: • your illness is so severe that there is no chance of you ever working again (upper tier top up); or • there is a chance of you taking up some employment in the future (lower tier). Upper tier top up The scheme's medical adviser must be satisfied that: • because of your health you cannot undertake any gainful employment; and • this situation is likely to continue until you reach **pension age**. Lower tier The scheme's medical adviser must be satisfied that: • because of your health you cannot do your own job or a similar job; and • this situation is likely to continue until you reach pension age. You usually need to have worked for us for at least two years to qualify for an ill health pension.	If you have to leave the NICS before you are 60, and our medical adviser agrees that you cannot do your own or a similar job because your health has broken down permanently, we may pay you a lump sum when you leave. We will only pay the lump sum if you have worked for us for at least two years.

You ask	premium	partnership
Ill Health		
What pension will I get if I have to retire through ill health?	Upper tier top up You will get your pension from the day you have to retire. We will not reduce it if we pay it early. We will increase it to the amount you would have had if you had continued with your current working pattern up to **pension age**. You do not have to pay contributions for this extra service. Example – upper tier top up David is retired through ill health. He has 12 years' service. When David is retired he is 50 and his **final pensionable earnings** are £18,000 a year. His normal pension age is 60. David's pension is: 22/60 x £18,000 = £6,600 a year (12 years earned + top-up 10) Maximum lump sum is: £6,600 x 30/7 =£28,285.71 If David takes his maximum lump sum his pension will be reduced by: £28,285.71/12 = £2,357.14 a year David's net pension is: £6,600 - £2,357.14 = £4,242.86 a year David's lump sum is: £28,285.71	We may pay you a lump sum when you leave. We will work this out as 20% of your **pensionable earnings** for every year of service, up to limit of three years' pay. This lump sum cannot be more than the pay you would have had if you had continued in work until you were 60. You may also want to consider drawing your pension early. This is usually possible, but your pension is likely to be reduced because of early payment. If you are so ill that you are expected to have a shorter life expectancy, your pension provider will take this into account when they work out the amount of your pension.

You ask	premium	partnership
Ill Health		
What pension will I get if I have to retire through ill health? (continued)	Lower tier You will get your pension from the day you retire. We will not reduce it if we pay it early. We will not normally increase your service. But if you have less than 10 years' service we will increase it to the lesser of: • 10 years; or • twice your service. This applies as long as the increase is not more than half the service you had left to serve until **pension age**. If we give you extra service you do not have to pay contributions for it. Example – lower tier David is retired through ill health. He has 12 years' service. When David is retired he is aged 50 and his **final pensionable earnings** are £18,000 a year. His normal pension age is 60. David opts to take the full lump sum. We will not increase David's service as he has more than 10 years' service earned. David's pension is: 12/60 x £18,000 = £3,600 a year His maximum lump sum is: £3,600 x 30/7 = £15,428.57 His pension will be reduced by: £15,428.57/12 = £1,285.71 a year David's net annual pension is: £3,600 - £1,285.71 = £2,314.29 a year David's lump sum is: £15,428.57	

You ask	premium	partnership
Ill Health		
Will my husband/wife/civil partner or partner get a pension if I die whilst in receipt of an ill health pension?	Upper tier top up We will work out your husband/wife/**civil partner's** pension in the same way as for the lower tier, except that any enhancement will be that which we would have given if you had died in service on the day you retired. If you are neither married nor in a **civil partnership**, but have a partner, your partner may qualify for a pension. This will be the same as the pension for a husband/wife or civil partner. See Annex B in this booklet. Lower tier Your husband/wife/civil partner or partner will receive a pension based on three-eighths of your ill health pension. This is the equivalent of a pension based on $^{1}/_{160}$ x **final pensionable earnings** x service (including any enhancement).	This will depend on the pension that you have bought using your fund.
What if I become ill after I leave the scheme?	If you are seriously ill and are expected to live less than 12 months, you can apply to have your pension commuted. This means that we will convert all of your pension into a lump sum using a conversion rate. This will not affect benefits for your widow, widower, civil partner or partner.	You should approach the pension provider for details of any arrangements they may have.

You ask	premium	partnership
Leaving before pension age		
What options do I have if I resign?	If you have at least two years' service we will give you the choice of **preserving** your pension or of taking a "transfer value" to another pension scheme. If you **preserve** your pension it will increase every year in line with inflation and then be paid when you reach 60. If you have less than 2 years' service when you leave we will normally refund your contributions less tax. We will also make a deduction from your refund to pay for part of the cost of buying you back into the **State Second Pension (S2P)** for the period that you have worked. Alternatively, you can ask to take a transfer value to another pension scheme, but you must return your completed transfer application form to us within 3 months of us writing to you.	Although your employer contributions will stop, you keep your pension fund. You may still contribute to your **partnership** pension. You should discuss your options with your provider.
Can I draw my pension early?	You can apply to leave and take your pension at any time after age 55. But if you take your pension before age 60 your pension will be reduced to take account of the fact that it will be paid for longer. This is called "actuarial reduction".	You can currently turn your pension fund into an **annuity** at any age between 50 (age 55 from 2010) and 75. You can also take up to 25% as a lump sum. You don't have to retire to do so.

You ask	premium	partnership
Death benefits		
What happens if I die in service?	We will pay a sum of three times your **pensionable earnings** to the person (or people) you have named – your "**beneficiaries**". This sum will normally be tax-free.	We will pay a sum of three times your pensionable earnings to the person (or people) you have named – your "beneficiaries". This sum will normally be tax-free. Your pension provider will pay the value of your pension fund to the person you have nominated on your pension application form.
What is a "beneficiary" and how do I nominate one?	Beneficiaries are the people you want to receive any lump sum when you die. You may want to nominate a single beneficiary – for example your husband, wife, **civil partner** or partner. Or you may prefer us to divide up your lump sum – for example among your children. Alternatively, you may nominate an organisation to receive a lump sum – for example a charity. You nominate your beneficiary on your **Pension*Choices*** form. You can change your nomination at any time – contact us for a Death Nomination (DB2) form . If you die without nominating a beneficiary, or if your nomination has ended or turns out to be invalid, we may pay any lump sum into your estate.	Beneficiaries are the people you want to receive any lump sum when you die. You may want to nominate a single beneficiary – for example your husband, wife, civil partner or partner. Or you may prefer us to divide up your lump sum – for example among your children. Alternatively, you may nominate an organisation to receive a lump sum – for example a charity. You nominate your beneficiary on your Pension*Choices* form. You can change your nomination at any time – contact us for a Death Nomination (DB2) form. If you die without nominating a beneficiary, or if your nomination has ended or turns out to be invalid, we may pay any lump sum into your estate. You may also nominate a beneficiary on the **partnership** provider application form.
What if I die shortly after I retire?	We will make a lump sum payment to your beneficiaries if you die within 5 years of drawing your pension. This is worked out as the balance of 5 years of pension.	This will depend on the type of **annuity** you have chosen. You should contact your provider for further information.

You ask	premium	partnership
Death benefits		
What will my dependants get?	As long as you have been in the scheme for at least two years we will give your surviving husband/wife or civil partner a pension. We will work this out as three-eighths of your pension. This is the same as $^{1}/_{160}$ of your **final pensionable earnings** for each year of **reckonable service**. If you die in service, we will grant some extra years of reckonable service up to 10 years. If you die after you have left the scheme, your husband/wife or civil partner will usually get a pension of three eighths your pension (before any reduction for using part of your pension to buy a lump sum). However, we may reduce this if you left with an ill-health pension. Once your husband/wife or civil partner is receiving a pension, it will continue for the rest of their life, and we will increase it every year in line with the increase in the **Retail Price Index.**	This will depend on the type of **annuity** you have chosen. You should contact your provider for further information.
I am neither married nor in a civil partnership, but have a partner. Will they get anything?	If neither you nor your partner is married to, or in a **civil partnership** with anyone else, we may pay your partner a pension. We work this out in the same way as the pension for a husband/wife or civil partner. **You must make sure that you and your partner register a partners declaration, as we cannot consider paying a pension without this.** See Annex B.	This will depend on the type of annuity you have chosen. You should contact your provider for further information.
Will my children get a pension?	We will pay a pension to your children (and any other children who rely on you financially) when you die. We pay children's pensions to children up to the age of 18, and older under certain circumstances. We work out a child's pension as 30% of your pension entitlement if we pay a pension to your surviving husband/wife, civil partner or partner. The child's pension is 50% of your entitlement if you did not leave an adult **dependant**. If you leave more than 2 children who qualify for a pension, we will reduce each child's pension so they get an equal share.	This will depend on the type of annuity you have chosen. You should contact your provider for further information.

Which option will give me the higher pension?

The answer will depend on which scheme you join and a number of factors including:

- the number of years you serve in the scheme;
- how much your pay increases over your career with us;
- investment returns;
- the cost of buying a pension when you retire ('**annuity** rates');
- the level of contributions you make;
- your age; and
- how much lump sum you want to take.

It is not possible to say with any certainty which option will produce the highest pension. In broad terms and assuming that you make the same level of contributions to each scheme, **premium** will tend to give you a better pension if you stay for a long time (for example, over 10 years), especially if you have good pay increases. In contrast, **partnership** will tend to produce a bigger pension if you stay for a short period. However, you cannot use this as a hard-and-fast rule because so many other things affect the outcome.

What other things should I think about?

The size of pension isn't the only thing to think about. The table on page 21 sets out a range of things which you might want to consider, and gives you some space to record your own thoughts.

Don't forget that you have other sources of information to help you make up your mind:

- We can provide information on premium – our contact details are on page 36. We can also answer general queries about the partnership arrangements.
- The booklets 'premium pension scheme' and 'partnership pension account' – look on our website or ask us for these.
- Our website: www.civilservicepensions-ni.gov.uk
- The Pension Service: www.thepensionservice.gov.uk
- The Financial Services Authority (FSA) has a section which explains pension basics and provides tools to help you plan: www.fsa.gov.uk
- **Independent Financial Adviser** – you like to consult one of these to help you make up your mind.

Things to consider

	premium	partnership	Your comments and thoughts
How long you expect to stay in the NICS.	If you leave within your first two years of membership, you will generally get a refund of your contributions (less the cost of putting you back into the State scheme) or you can apply for a transfer of the notional value of your pension benefits into another pension scheme or arrangement.	Your pension fund builds up from day one.	
How much you are prepared to pay for your pension.	The contribution rate is 3.5% of your **pensionable earnings**.	This is a free pension although you can decide to contribute (you do have to pay standard National Insurance contributions unless you choose to **contract-out**). Your employer will match any contributions you make pound for pound up to 3% of your pay (on top of the contributions based on your age).	
How much certainty you want.	Your pension is based on your years of service and your **final pensionable earnings**. Your pension is indexed to the **Retail Price Index**.	Contributions into your account will be a percentage of your pensionable earnings but your final pension will depend on: • the investment returns over the years; • the cost of buying a pension (the 'annuity rate') when you retire; • the type of annuity you choose; and • the amount of lump sum you take.	

Things to consider

	premium	partnership	Your comments and thoughts
Who you want a pension for.	This arrangement will provide a pension for your husband, wife, **civil partner** or partner and for your children when you die – you pay for these benefits whether you want them or not.	You decide how to spend your pension fund – you might choose more pension for you and less for your **dependants**, or a higher pension for your dependants and a lower one for you.	
Benefits for your family if you die in service.	Pays a lump sum of three times your pay if you die in service. Provides your husband/wife or civil partner and children with a pension. This will be based on your years of service plus up to 10 extra years. If you are neither married, nor in a civil partnership, but have a partner, your partner may receive the pension if he or she is eligible.	Pays a lump sum of three times your pay if you die in service. Does not provide a pension for your dependants, but they will receive your pension 'pot' as a lump sum.	
Support for you if you have to give up work because of ill health.	May pay you a pension based on your years of service. If your ill health is severe, your pension may be based on all the years you could have earned up to **pension age.**	We may pay you a lump sum up to three times your pay. You will have to use your pension fund to provide you with a pension.	
The extra State Second Pension (S2P).	You are '**contracted-out**' by your employer, so you don't get the full extra **State Second Pension (S2P)** as well, but you may get a top-up pension.	You pay the standard National Insurance contributions for S2P (although you can choose to 'contract-out' and your National Insurance rebate will be paid into your **partnership** account).	

Things to consider

	premium	partnership	Your comments and thoughts
Pension rights in a scheme in the Public Sector Transfer Club ('the Club').	If you have pension rights in a Club scheme, you can usually bring these into **premium** on special terms. (Note: You must apply for a 'Club' transfer within 12 months of being eligible to join premium.)	Although you can transfer these rights into your **'partnership** pension account', you will not get a special deal. Also, make sure you understand the implications of **transferring in** benefits from a **contracted-out** pension scheme.	
Pension rights preserved (frozen) in the PCSPS(NI).	If you have a frozen or preserved pension from an earlier period of service in the PCSPS(NI), you can usually choose to combine your earlier service with your current service for a single pension. Depending on your salary now and when you were employed previously, this can be very beneficial.	Although you can transfer these rights into your 'partnership pension account', you will not get a special deal. Also, make sure you understand the implications of transferring in benefits from a contracted-out pension scheme.	

Now review the points above and your comments and thoughts.
Does premium or partnership appear to provide the best match for what you want? Make a note of your answer here and then read on.

How do I find out about Partnership?

- Look at the leaflets enclosed in your pack for information about the providers. The leaflets give the providers' contact details. You can also look on the Civil Service Pensions website for more information: www.civilservicepensions-ni.gov.uk

- Contact the providers to get their application pack (using the contact details in the leaflets). Or, if you wish, you can download an application pack from the provider's website. You can contact more than one provider to help you to make your choice. But you can choose only one to open a **partnership** pension account.

Partnership providers contact details:

Standard Life 0800 33 3309
Scottish Widows 0800 838 312
TUC/Prudential 0845 078 6666

- Making your choice - see 'partnership pension account' booklet for more information about where to start and how to choose. The "partnership pension account" booklet is available from our website at **www.civilservice-pensions.gov.uk** or from CSP.

Further sources of information

- Financial Services Authority (FSA) website: www.fsa.gov.uk

- The Pension Service website: www.thepensionservice.gov.uk

- Or consult an Independent Financial Adviser.

How do I apply for a partnership pension account?

- Complete the provider's application form enclosed with the information from the provider.

- Complete the Pension*Choices* form. This form also asks you to name someone to receive any lump sum that we will pay if you die in service.

- Send the above two completed application forms to the address shown on the Pension*Choices* form.

Please note: You must open a partnership pension account within 3 months of joining. If you wish to open a partnership pension account after the 3 month deadline this will be classed as switching which can only take place on 1 April and 1 October. You will need to give your employer 3 months' notice by completing and sending them a Pension Switch form together with an application form of your chosen partnership provider.

What happens then?

When you send your completed form and provider application form to your employer they will contact your provider to set up your partnership pension account.

Making your choice about your future service

When do I have to decide?

You need to decide within three months of joining the NICS.

We will automatically enter you into **premium** on your first day of service, and you will pay pension contributions of 3.5% of your **pensionable earnings**.

If you want to join **partnership**, you need to fill in your **Pension*Choices*** form and return it within your first three months. Your employer will then sort things out by paying backdated contributions to your chosen pension provider. You will receive a refund of your premium contributions (less any contributions you have chosen to make to partnership and less your share of the cost of rejoining **S2P**). The only exception to this is that if we are not able to put you back into S2P, we will give you a small **preserved** (frozen) pension in premium for the period before you made your choice rather than backdating partnership membership to day one. This is likely to only affect you if you are aged 59 or over when you join.

If you don't send your Pension*Choices* form back within your first three months, you will stay in premium. Please send your Pension*Choices* form back. It doesn't just record your pension choice but also gives you the chance to ask for more information and to choose someone to receive any benefits when you die.

Transfers

If you are interested in things like **transfers** from a Club scheme (see pages 9 & 10), you must act soon.

Do I have to have a pension?

If you choose not to have a PCSPS(NI) pension at all you will receive State benefits, including the S2P. It will be up to you, at your cost, to make any other pension arrangements. If you want to opt out of (leave) our pension arrangements, you must say so on the Pension*Choices* form.

Don't forget that opting out will not save you any money. It will cost you no more to choose a partnership pension as your employer will pay an age-related contribution regardless of whether or not you pay anything. All you have to do is choose one of the pension providers and fill in their application form.

Read the booklet 'partnership pension account' for more information. This booklet is available on our website or by contacting us.

Also if you opt out you will be missing out on a range of important benefits. Look again at the comparisons between your available options.

Am I committing myself forever?

No. You can change schemes in the future – we allow you one switch in each direction (that is, one switch from **premium** to **partnership** and one switch from partnership to premium). We suggest that you should give your pension arrangements a 'health check' every year when you receive your Annual Benefit Statement and satisfy yourself that you are on target for the sort of pension you want. As well as making sure you are still in the right scheme for you, you should also consider whether you should change your contribution level (in partnership) or top up your benefits (in premium).

For example:

Sarah joins the NICS. She expects to stay only a short while and she is also attracted by the low cost of the partnership pension account. Sarah likes her job and after five years she thinks she will probably stay long term. Sarah moves into premium. As she approaches retirement, Sarah decides she would prefer the flexibility of partnership – she doesn't have any family, so she would prefer to use all her pension 'pot' to buy a pension for herself.

The conditions attached to switching between schemes are:

- you can only move on 1 April or 1 October in any year, and
- you must give us 3 months' notice of your intention to switch.

How do I find out more?

This booklet is designed to give you enough information to make your choice. Read on if you think you may need extra help or advice.

If you have access to the Internet, you may want to visit our website at:

www.civilservice-pensions.gov.uk

Look at the section titled "New entrants joining before 30 July 2007'. This includes answers to frequently asked questions.

If you are a member of one of the NICS unions, they may offer access to financial advice at special rates. Ask your local union representative. Or, you may want to consult an **Independent Financial Adviser (IFA)** but you will have to pay for any advice you get. If you do contact an IFA, we suggest that you take all this information with you.

Please remember that while we and your employer will do everything we can to help you, we are not allowed to give you financial advice.

Also remember that what is right for your line manager or your colleagues may not be the best choice for you.

More detailed information can be found in the booklets:

- 'premium pension scheme'; and
- 'partnership pension account'.

These are available on our website, or you should ask us for these if you think they could help you to make your choice.

How to complete your Pension*Choices* form

Once you have decided on your pension choice, please fill in the **Pension*Choices*** form attached to the introductory letter. If you choose **partnership**, you must also fill in the partnership pension provider's application form and return this as well.

Section 1 – Details about you

Please complete all the details giving your marital status eg. married, divorced, **civil partnership** or single and the name and address of your employer together with contact details.

Section 2 – Your pension choice

Option 1 - tick if you wish to remain in **premium**

1a) **Transfers in** - please note time limits for Club scheme and personal pensions. See "Transferring in pensions from another scheme" on page 9 & 10.
1b) You can also ask for information if you are interested in topping up your pension.

Option 2 - tick if you wish to open a partnership pension account - please note that you must also complete the providers application form.

Option 3 - tick if you wish to opt out of a NICS pension - please consider the benefits you would be giving up.

Section 3 – Your partnership pension account

If you choose to open a partnership pension account the Pension*Choices* form also asks you to:

- Choose a provider.
- Say how much you want to contribute each month (as a percentage of your pay). You do not have to make a contribution, but if you do, your employer will make extra contributions to match yours (up to 3% of your pay).

Section 4 – Benefit statements

We will send you a benefit statement each year which will include information about how much PCSPS(NI) pension benefits you have built up to date and projected to pension age.

Section 5 – PCSPS(NI) scheme history

If you have belonged to the PCSPS(NI) before, please indicate what happened to your PCSPS(NI) benefits. We will contact you with more information. See page 8.

Section 6 – Nomination for death benefit

For more information see page 18. Your Pension*Choices* form also asks you to name someone to receive any lump sum that we will pay if you die in service. It is important to complete the nomination for death benefit to ensure the lump sum is paid quickly. If you don't nominate someone to receive your lump sum it will be included in your estate, this may delay payment.

- If you wish to leave your death benefit to more than one person the total percentage must add up to 100%.
- The person witnessing this form must not be anyone who benefits from your death benefit nomination.
- This is a nomination for your death in service lump sum and should not be confused with the lump sum you may receive when your pension comes into payment.

Section 7 – Your authorisation

Please remember to sign, date and return the form.

How do I complain?

If you have a problem with any part of your pension benefits, you should try to sort it out with us. Often, a phone call or an email will be enough. If you cannot sort out the problem to your satisfaction, we have a complaints procedure known as internal dispute resolution (IDR). This entitles you to a written explanation from us and then, if you are still not satisfied, to have your complaint investigated by The Scheme Manager (Head of Civil Service Pensions Branch).

The Pensions Advisory Service (TPAS)

You can also contact TPAS at any stage during the IDR procedures. TPAS is an independent organisation set up to help with sorting out disagreements between scheme members and the administrators or trustees of their scheme.

You can write to TPAS at:

11 Belgrave Road,
London
SW1V 1RB.
Website: www.pensionsadvisoryservice.org.uk
E-mail:
enquiries@pensionsadvisoryservice.org.uk

The Pensions Ombudsman

If you have gone through IDR and your complaint has still not been resolved satisfactorily, you can contact the Pensions Ombudsman.

You can write to the Pensions Ombudsman at:

11 Belgrave Road,
London
SW1V 1RB.
Website: www.pensions-ombudsman.org.uk

Internal Dispute Resolution (IDR)

To find out more about IDR, ask us for the leaflet 'If you have a complaint about your pension' or visit our website:
www.civilservicepensions-ni.gov.uk

The Pensions Regulator (formerly OPRA)

This organisation is the statutory regulator for occupational pension schemes. Their task is to make sure that pension schemes are run legally. They also educate and inform and work with others to raise standards.

You can contact The Pensions Regulator by writing to them at:

The Pensions Regulator,
Napier House,
Trafalgar Place,
Brighton BN1 4DW.
Tel: 0870 6063636
Email:
customersupport@thepensionsregulator.gov.uk
Website: www.thepensionsregulator.gov.uk

Tracing an old Pension

The Department of Work and Pensions (DWP) operates a central tracing agency to help people keep track of any pension arrangements they had in the past.

You can contact them through The Pensions Tracing Service website or write to them at:

Pensions Tracing Service,
Whitley Road,
Newcastle-upon-Tyne
NE98 1BA.
Tel: 0845 6002 537
Website: www.thepensionservice.gov.uk

Annex A - State pensions

1. Basic State retirement pension

You can find the latest rates of, and more information about, the State retirement pension from the Department for Work and Pensions website:
www.thepensionservice.gov.uk

The pension usually increases annually in line with inflation. It is currently paid from age 65 for men and age 60 for women, although the **pension age** for women will gradually increase to 65 over the period from 2010 to 2020. To receive a full pension, you need to have paid enough National Insurance contributions during your working life.

You can find out whether you have paid enough National Insurance contributions by sending form BR19 to the Department for Work & Pensions. You should ask at your local benefits office for a BR19 form. Alternatively, you can get this form from the above website.

2. Additional State Pension

As well as the basic State retirement pension, there is an additional earnings-related pension. Up to April 2002, this was called the State Earnings-Related Pension (SERPS). It has now been replaced by the **State Second Pension (S2P)**.

Some pension schemes (such as our **premium** scheme) which pay more than a minimum level of benefit have '**contracted-out**' of (left) the additional State pension.

This means that scheme members do not get S2P on top of their basic State retirement pension. In these schemes, members' National Insurance contributions are 1.6% lower (and the employer pays 3.5% less) than in S2P.

If you have a personal pension such as our **partnership** pension account, you and your employer pay the standard (higher) rate of National Insurance contributions and you can either stay with S2P or contract-out. If you contract-out of S2P, the Government will pay a refund (known as a rebate), which will vary with your age, into a personal pension or stakeholder pension of your choice. This can be to one of the partnership pension account providers or any other of your choice.

3. Pension Credit

In October 2003, the Department for Work and Pensions introduced the new Pension Credit. If you are over 60 it could top up your income to a guaranteed minimum level.

It could also provide extra money if you are over 65 and have saved towards your retirement. To find out more, visit the Pension Service website.

Annex B - Pensions for partners

If you are a member of **premium** and you have a partner to whom you are neither married nor in a **civil partnership** with, you will want to know whether the pension scheme will pay a pension to your partner after you die. This annex provides information on the qualifying conditions for a partner's pension. For more detailed information see the booklet "Pensions for partners".

Will my partner get a pension?

The premium scheme rules provide for a partner's pension if:

- you have nominated your partner and, together, you complete a joint declaration of partnership; and
- at the time of your death you and your partner were living together in an exclusive committed long-term relationship; and
- you and your partner were free to marry (or if you were of the same sex, free to enter a civil partnership); and
- either your partner was financially dependent on you or the two of you were financially interdependent.

What's meant by an 'exclusive committed long-term' relationship?

We only expect to pay a pension if you are in a permanent relationship with just one person. After your death, we will not want to pry into your or your partner's personal life to try to 'disprove' your partner's eligibility for a pension but we will need to be satisfied that there was a strong bond between you.

Following your death, we will consider your case individually and take account of anything that supports the claim that you and your partner had a permanent relationship.

What's meant by 'free to marry' or free to enter a civil partnership?

Neither of you can be married to, nor in a civil partnership with, anyone else. The relationships which are too close to allow a marriage/civil partnership are set out in the booklet 'Pensions for partners' which is available on our website or by contacting us.

I'm waiting for my divorce (or civil partnership dissolution) to come through – will my partner get a pension if I die in the meantime?

If you are married or in a civil partnership, the scheme will pay a pension to your surviving husband, wife or civil partner, even if you no longer live with them. If you want your partner to receive a pension, you must both be legally free to marry or enter a civil partnership when you make your nomination.

What's meant by financial dependence and interdependence?

Under the **HMRC** rules governing occupational pension schemes, your partner must be financially dependent on you or you must be financially interdependent. 'Financially interdependent' means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

Annex B - Pensions for partners

How do I nominate my partner?

You and your partner must fill in and sign a Partners Declaration form. You will find a declaration form in this pack.

The declaration is very important. CSP cannot pay a pension without one.

You should both be aware that, after your death, your partner will need to provide information to CSP to support his or her claim to a partner's pension. Don't get too worried about this. If, over the years, you continue to be able to sign up to all the statements on the declaration, your partner should receive a pension when you die.

I don't really want my employer to know about my relationship.

If you wish, you can send your declaration directly to us. The scheme is managed away from most scheme members' places of work. All pensions documentation and casework is handled in the strictest confidence and in line with data protection legislation. You do not have to worry as your declaration will be handled with appropriate confidentiality.

Contacting Us

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

Annual allowance

Annual allowance is the value of pension rights you can build up tax-free in a year. Most people will be nowhere near the annual allowance. For further information ask CSP for the "Pensions and Tax" booklet.

Annuity (this only applies to partnership)

An annuity is a financial product that provides an income in exchange for a lump sum.

AVCs

Additional Voluntary Contributions are a way of topping up your pension. You pay additional contributions to a pension provider, which should then build up to a fund. When you retire you use your fund to buy an annuity – a pension for life – which is on top of your PCSPS(NI) pension.

Beneficiary/Beneficiaries

A beneficiary is the person or people who you decide should receive the lump sum death benefit.

Civil partnership/Civil partner

A civil partnership is a relationship between two people of the same sex that has been registered under the provisions of the Civil Partnership Act 2004.

Civil partnership gives the couple many of the same legal and financial rights and responsibilities as marriage.

Contracting-out

If you join partnership you can opt out or 'contract-out' of (leave) the State Second Pension. Although you and your employer continue to pay the higher rate of National Insurance contributions, the state will pay an age-related rebate (refund) into a separate pension 'pot' for you.

Dependant

A dependant can be your husband, wife, civil partner, partner, children or anyone else who relies on you financially. Read the booklets "premium pension scheme" and "partnership pension account" to find out what benefits they may get when you die.

Final pensionable earnings

This is your pensionable earnings when you retire, and on which we base your premium pension.

Guaranteed Minimum Pension

Pension schemes like premium must make sure that they give their members a pension that is at least the same level as the pension they would have had if they had stayed in the State Earnings-Related Pension (SERPS) for their service before 1997. This minimum level of pension is known as the Guaranteed Minimum Pension or GMP.

HMRC

Her Majesty's Revenue & Customs. They make rules about how pension schemes should operate.

Lifetime Allowance (LTA)

Lifetime Allowance (LTA) is a limit on the total value of all pension benefits (except the State pension) that can be taken without paying LTA tax. The value of benefits is assessed at the time that the pension is taken. It does not apply to the total amount of pension benefits that an individual can be paid in their lifetime.

The Government has set the LTA at a level which means that most people are unlikely to pay tax. Despite this, everyone's benefits must be checked against the limit at the time pensions or lump sum benefits are taken.

partnership pension account

This is a stakeholder-type money purchase scheme with an employer contribution. Your pension will depend on the level of your and your employer's contributions, the performance of your chosen fund, and the annuity you buy with your pension 'pot'.

Pension age

This is the earliest age you can take your pension without it being reduced for early payment. Pension age is normally age 60 in premium. If you choose partnership, you will choose your own pension age.

Pension*Choices*

This is the form attached to the introduction letter you will be given when you start employment.

Pensionable earnings

Pensionable earnings are all earnings which could count towards your pension. They can include non-cash items, for example, uniforms or accommodation. Contributions in premium and partnership are based on your pensionable earnings.

premium pension scheme

In this scheme, your pension is based on your years of service and final pensionable earnings. Contributions are currently 3.5% of your pensionable earnings.

Preserve, preservation and preserved (this only applies to premium)

If you leave the scheme with more than two years' qualifying service, you can leave the pension benefits you have built up in the scheme. We will then normally pay you a pension when you reach pension age. Or you can choose to transfer your preserved pension before you retire.

Reckonable service

Reckonable service is the years and days that count towards your pension. Generally, the days that you are a member of the scheme count towards your pension. Things like strike days and career breaks do not count towards your pension.

Retail Price Index (RPI)

This is the official index of increases in retail prices.

State Second Pension (S2P)

This is the additional State pension (on top of the basic State retirement pension), it replaces the State Earnings-Related Pension from April 2002. The level of this depends on your National Insurance contributions.

Taxable income

The income on which you pay income tax. This may not always be the same as your pensionable earnings.

Transferring in

You may be able to transfer in benefits from an existing pension scheme into either premium or partnership.

If you have benefits from an existing pension scheme that you think you may be able to transfer into the PCSPS(NI) arrangements but have lost touch with your old employer, the Pension Tracing Service should be able to help you.

For further information see the Pension Service website: **www.thepensionservice.gov.uk** or telephone 0845 6002 537

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