



Important news – changes to your premium pension

Please read - this note updates the information in the booklet

- **Additional cash lump sums**

The booklet explains that when you retire you can choose to give up some of your pension for a lump sum.

The maximum lump sum that you can take has been increased. You can choose how much extra lump sum you want (up to the maximum allowed by the tax rules), 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 on the Civil Service Pensions website:
www.civilservicepensions-ni.gov.uk

Dependants' pensions are based on your pension before you give any up for a higher lump sum, so they will not be affected by the amount you take. However, if you are 75 or over when you die, and you leave two or more children under age 18 (or under age 23 if they are in full-time education), 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 may lead to your dependants' pensions being reduced if you die after reaching 75.

- **A higher service limit** – the maximum length of reckonable service that can count towards your pension has increased to 45 years, regardless of your age. If you had already reached the previous 40 year limit before age 60, you can build up more reckonable service from 1 March 2008. However, any time between the date you reached the 40 year limit and 1 March 2008 will not count.
- **Added pension replaces added years** – added pension is an amount of extra pension that you can buy: it will be paid with your pension after you retire. Please see the leaflet 'Added pension for **classic**, **classic plus** and **premium**'.
- **Partial retirement** – this enables you to take some or all of your pension and carry on working, subject to conditions. Please see the booklet: 'Partial retirement – a guide for scheme members'

Publications are available to read and download from the Civil Service Pensions website or on request from Civil Service Pensions.



PCSPS(NI)

Principal Civil Service Pension
Scheme (Northern Ireland)

premium pension scheme



Department of
**Finance and
Personnel**

www.dfpni.gov.uk



Contents

Who should read this booklet	1
Introduction	1
Contributions	2
Your pension benefits	3
Options on joining	6
Retiring	7
Benefits for your dependants	8
Leaving the scheme	10
Finding out more	11
Contacting us	13
Other information	13
Glossary	14

Who should read this booklet?

This booklet contains details of the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)] **premium** pension scheme benefits. It is intended for:

- those who were members of PCSPS(NI) (renamed **classic**) on 30 September 2002 and chose to join premium from 1 October 2002, and
- those who joined the Northern Ireland Civil Service (NICS) on or after 1 October 2002 and had the choice of premium or a **partnership** pension account.

Some details in this booklet will differ for these two groups, and we have indicated where this is the case.

Introduction

What is the premium pension scheme?

The premium pension scheme is what is called an 'occupational defined benefit pension scheme'. It provides a way of saving for your retirement. Over the years, you and your employer both make contributions to the scheme. When you retire, we pay you a pension based on the years you contributed to the scheme and on your **pensionable earnings** in your final years.

Who can join?

If you joined the NICS on or after 1 October 2002, you will have received a starter pack including the booklet 'Your pension, your choice'. Most people who are joining the NICS on a permanent or fixed-term contract can join the premium scheme.

Important Note

If you are already drawing your PCSPS(NI) pension or have had your pension lump sum, you can only join premium if you are re-employed by a different NICS employer or in a different capacity.

Civil servants who were members of classic on 30 September 2002 had the option to join premium from 1 October 2002.

I don't work for the NICS, but for an organisation called a 'Schedule 1 body'. Can I join?

Throughout this booklet, 'NICS' includes not only Northern Ireland government departments and agencies but also some other organisations that are able to take part in the NICS pension arrangements. These organisations are sometimes referred to as 'Schedule 1 bodies' because they are listed in Schedule 1 to the Superannuation Act 1972, which governs the PCSPS(NI) pension arrangements.

Do I have to join the scheme?

If you are eligible to join the premium scheme, we will automatically enter you into the scheme when you start work. You can choose instead to open a partnership pension account. See the booklet 'partnership pension account' for more information.

You also have the right to 'opt out' of (leave) the PCSPS(NI) pension arrangements altogether; that is, you can choose to have no pension at all. In doing so you will be giving up a valuable range of benefits for yourself and your family. If you do not wish to contribute to your pension you can build up benefits with a partnership pension account. Please read the booklet 'partnership pension account' for details.

If you decide to opt out, your opting out will take effect from the next available pay period. You can apply to rejoin the scheme after you have opted out.

Contributions

How much must I pay?

You must pay contributions, currently 3.5% of your **pensionable earnings**.

See the section 'Your pension benefits' on page 3 for more information on what earnings are pensionable.

In certain circumstances you may pay contributions at a different rate. If this applies to you, we or your employer, will explain things to you.

How much will my employer pay?

Your employer will make contributions at a level advised by the scheme actuary to provide enough funds to pay the pensions as promised.

What earnings are pensionable?

As a general rule, only permanent items of pay are pensionable. This will include any allowances that your employer tells you are pensionable, but will not include payments such as overtime.

Bonus payments do not normally count as pensionable earnings. But if you receive **pensionable bonus** payments, both you and your employer will pay contributions on them.

You may also have some non-cash pensionable earnings – for example, some people's pensions will take account of a uniform allowance, and others may have an allowance for accommodation. In these circumstances you and your employer will also pay contributions based on the equivalent cash value of these non-cash pensionable earnings.

If you are on reduced pay during maternity leave (and in certain other circumstances) your employer will make contributions based on the pay that you would have expected if you were not off work. You will make your contributions based on your reduced pay.

If you are a high earner, you need to be aware that your pensionable earnings cannot generally

be more than the '**earnings cap**'. Prior to 6 April 2006, HM Revenue & Customs (HMRC) limited the amount of salary that could be used in calculating the pensionable pay of a civil servant who joined the PCSPS(NI), on or after 1 June 1989. The limit is referred to as the earnings cap and is increased every year. Although HMRC will no longer limit the benefits CSP can pay for the new tax year, the rules of the PCSPS(NI) will continue to restrict benefits in this way. Your employer can advise you of the current level.

Do I get tax relief?

You pay your contributions out of your gross pay (before income tax), so the cost to you is reduced. If you pay tax at the higher rate, you save even more.

Examples

1. Dave earns £18,000 a year (£1,500 a month).

Dave's **premium** scheme contributions are £52.50 a month (3.5% of £1,500) but the net cost to Dave each month will only be £40.95 as he will get tax relief on these contributions. Dave pays tax at the basic (lower) rate so he will get tax relief at 22%.

2. Anne earns £60,000 a year (£5,000 a month).

Anne's premium scheme contributions are £175 a month (3.5% of £5,000) but the net cost to Anne each month will only be £105 as she will get tax relief on these contributions. Anne pays tax at the higher rate so she will get tax relief at 40%.

What about National Insurance?

The premium scheme is 'contracted-out' of the state scheme. This means that both you and your employer pay National Insurance contributions at the lower rate. (Our Employer's Contracting out Number (ECON) is: E3900002R and our Scheme Contracting-out Number (SCON) is: S2731005W).

You will not build up any rights to **State Second Pension (S2P)** while you are a member of the premium scheme, although you will still get the basic State Retirement Pension if you have paid enough National Insurance contributions.

Your pension benefits

How do you work out my pension?

We work out your pension as $\frac{1}{60}$ of your **final pensionable earnings** for every year of reckonable service in the scheme.

Read on to find out how we work out 'final pensionable earnings' and '**reckonable service**'.

Example

Michael leaves the **premium** scheme after 20 years' reckonable service. His final pensionable earnings are £18,000 a year.

Michael's premium pension

$$= \frac{1}{60} \times 20 \times £18,000$$

$$= £6,000 \text{ a year}$$

What are 'final pensionable earnings'?

Your final pensionable earnings will be whichever is the best of:

- your last 12 months' pensionable earnings (not including bonuses); or
- the highest pensionable earnings (not including bonuses) you have had in any of the last four full tax years; or
- your highest average pensionable earnings including any **pensionable bonuses** (this method is based on your average pensionable earnings over three tax years in a row, and we will look back up to 13 years). We will take account of inflation in making the comparison. For those who receive compensation benefits or a lump sum for death-in-service, this will be based on the best of your permanent pensionable earnings in the last 12 months and the best of the last 2 tax years. We will not make any adjustment for inflation when making the comparison.

For most people, final pensionable earnings will be their pensionable earnings in their last 12 months of service.

If you have an unusual earnings pattern with earnings peaking before you retire, then one of the other definitions on the previous page, which looks at earlier periods of service, may give a better result.

What is 'reckonable service'?

If you work full-time, all the years and days you contribute to the pension scheme count as reckonable service. The maximum number of years that can currently count for your pension is 40.

If you were a member of **classic** on 30 September 2002 and chose to join the premium pension scheme from 1 October 2002 your reckonable service in classic will have been converted into premium reckonable service. Your pension forecast will have given you an estimate of how many years of reckonable service you would receive in the premium scheme in exchange for your years of classic reckonable service.

In most cases the conversion rate will have been 0.92 years of premium reckonable service for every year in classic but, depending on your circumstances, you may have had slightly less.

Contact us if you need further details.

Do I get a tax-free lump sum?

At the time you retire you can choose to give up part of your pension for a tax-free lump sum. HMRC currently limits the amount of lump sum (typically up to 2.25 times your pension). We will reduce your pension by £1 a year for every £12 you take as a lump sum. This is called 'commuting' pension for a lump sum.

Example

Tom retires after 30 years' service with a pension of £10,000 a year. He has an option to take a tax-free lump sum of up to £22,500. If Tom chooses to take the maximum tax-free lump sum, he will have to give up a pension of £1,875 a year. This means that Tom can choose:

- a pension of £10,000 a year; or
 - a maximum single tax-free lump sum of £22,500 plus a pension of £8,125 a year; or
 - some other combination of pension and lump sum up to the maximum allowed.
-

What if I work part-time?

If you work part-time we will work out your pension by using a full-time equivalent rate for your pensionable earnings and by counting your **reckonable service** on the basis of the time you actually work. This gives a fair result as it allows us to add together periods of full-time and part-time service. In particular, you are not disadvantaged if you move to part-time working in the run-up to your retirement.

Example

Jenny works full-time for 25 years and then works part-time (18 hours a week instead of the full-time 36 hours) for 10 years. When Jenny retires, her actual **pensionable earnings** in the last 12 months are £10,000.

Jenny's final pensionable earnings

$$= £10,000 \times \frac{36}{18} = £20,000$$

Jenny's reckonable service

$$= 25 + (10 \times \frac{18}{36}) = 30 \text{ years}$$

Jenny's pension = $\frac{1}{60} \times £20,000 \times 30$

$$= £10,000 \text{ a year}$$

Jenny will have an option to give up some of her pension for a lump sum.

What if I have periods off work?

You can usually only pay contributions and build up reckonable service if you are actually working. The main exception to this is certain periods of statutory maternity leave which count as reckonable service. (Only unpaid statutory maternity leave up to the ordinary maternity leave limit, currently 26 weeks, is treated as reckonable service when taken on or after 19 October 1994).

If your employer allows you to take a career break you will continue to be a member of the scheme although neither you nor your employer will pay contributions and you will not build up reckonable service during this period.

If you are off work on long-term sick leave you will continue to build up reckonable service while you are receiving sick pay at full or half pay.

How will I know what my pension will be?

Each year, we will send you a pensions benefit statement which will show how much pension you have earned to date, and your projected pension to **pension age** (currently 60), based on your current salary. The statement shows your personal details on which the projections are based, so that you can check that these are correct.

When you approach pension age you will receive a statement of the benefits payable to you (providing you keep your address up to date).

Can I pay more for a bigger pension?

You have a range of options.

- You can pay extra contributions every month up to pension age to buy extra years of service. These are called 'added years'. You should appreciate that this is a long-term commitment to pay more. The cost of added years is set out as a percentage of salary. Ask us for details of the cost of added years.

- You can pay Additional Voluntary Contributions (**AVCs**) to the Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS). We have appointed two AVC providers – Scottish Widows and Standard Life – who, between them offer a range of investment options. We have negotiated competitive charges with these providers. You choose which provider you want to invest your AVCs, and the fund or funds to invest in. Once you receive your PCSPS(NI) pension you can use your NICSAVCS to buy yourself extra pension. You can also take up to 25% of your fund as a tax-free lump sum. You do not have to take your NICSAVCS at the same time as your PCSPS(NI) pension as long as it is before your 75th birthday.
- You can also increase your life cover with Equitable Life up to a maximum of four times your **final pensionable earnings**.
- You may be able to contribute to a **stakeholder pension**. You can choose our designated provider, Standard Life, or any other provider. Stakeholder pensions work in a similar way to AVCs, except you can draw your pension whenever you like between the ages of 50 and 75 and you can take up to 25% of your fund as a tax-free lump sum when you retire.

You can pay up to 100% of your pensionable earnings or £3,600, whichever is the higher (including tax relief). You can generally only contribute to a stakeholder pension as well as belonging to the **premium** scheme if you earn less than £30,000 a year.

- You can pay extra contributions into a Freestanding Additional Voluntary Contributions (FSAVC) scheme.

This works just like NICSAVCS, but you find an investment provider of your choice. Be aware, though, that you will pay the market rate charges for these schemes.

- You may want to save for your retirement in other ways outside a pension arrangement.

Options on joining

I have a pension from another scheme. Can I bring this into the premium scheme?

Ask your previous employer for a 'transfer value' quote.

We will then give you an estimate of the **reckonable service** that this will buy in the **premium** scheme. You should be aware that we can only accept transfer values if your previous scheme gives us certain undertakings. If your previous scheme will not give us these, we cannot accept a transfer value. Your application can be made at any time up until you start the administrative process of claiming your pension.

As from 6 April 2006 an application to bring a transfer in from a non-occupational pension scheme (e.g. a personal pension or a deferred annuity contract) must be made within 12 months of being eligible to join premium.

My previous employer's scheme is in the Public Sector Transfer Club. What does this mean?

The **Public Sector Transfer Club** offers employees who move between Club employers the opportunity to transfer their accrued pension benefits on special terms. Club terms are only applied when someone moves employment on a voluntary basis. There is more information about the Club on our website, including a leaflet 'The Public Sector Transfer Club – a guide for scheme members'.

If you join the NICS and want to bring in a transfer from a scheme in the Public Sector Transfer Club, you must do this within 12 months of being eligible to join the premium scheme.

I have a frozen pension from when I previously worked in the NICS. What happens to that?

You can either leave your earlier pension **preserved** (frozen) or you can aggregate (join up) your earlier period of service with your current service for a single pension based on your final pensionable earnings when you next leave the scheme.

If you leave your pension preserved we will continue to increase it in line with increases in the Retail Prices Index (RPI).

If you want to aggregate your service you must make your choice within 12 months of being eligible to join the premium scheme. You will not be given another chance. Contact us to find out more. If your earlier service was not in the premium scheme, it will be reduced slightly to take account of the premium scheme benefits being better than benefits in the classic pension scheme.

Example

Sue leaves the NICS with a preserved premium scheme pension of £3,000, built up over 10 years. This pension grows with inflation to be worth £3,300. On rejoining, Sue must choose between:

- keeping her pension preserved and having her new period of service pensioned separately; or
- cancelling her preserved pension and adding 10 years to her reckonable service in her new job.

Sue will need to consider which option is likely to give her the best pension. In particular, she needs to consider whether she expects her final pensionable earnings when she next leaves to be higher than her previous final pensionable earnings increased by price inflation. Sue also needs to remember that if she leaves her pension preserved she needs to wait two years before she will qualify for certain pension benefits for her new service.

I already have a PCSPS(NI) pension. What happens to me?

You may be eligible to join the premium scheme if you are re-employed either by a different employer or in a different capacity. If you don't meet these conditions, you cannot join the scheme.

Ask your employer if you are not sure.

If you are re-employed (regardless of whether or not you join the premium scheme), we may reduce or stop your earlier PCSPS(NI) pension if your pension plus your pay in your new job is more than your previous pay (adjusted for inflation). This is called '**abatement**'. Contact your employer for more information.

I previously opted-out (left) the PCSPS(NI) pension arrangements. What options do I have?

You can either leave your earlier pension preserved (frozen) or you can aggregate (join up) your earlier period of service with your current service for a single pension based on your **final pensionable earnings** when you next leave the scheme. If you leave your pension preserved we will continue to increase it in line with increases in the Retail Prices Index (RPI).

If you want to aggregate your service you must make your choice within 12 months of being eligible to join the **premium** scheme. You will not be given another chance. Talk to us to find out more. If your earlier service was not in the premium scheme, it will be reduced slightly to take account of the premium scheme benefits being better than benefits in the **classic** pension scheme.

Retiring

When can I draw my pension?

The scheme currently has a pension age of 60. Pension age is the earliest that you can usually take your pension without it being reduced for early payment. You can apply to retire at any time from the age of 50 (55 if you joined the PCSPS(NI) premium scheme after 06 April 2006) but because your pension will be paid for more years, we will reduce it. Typically, we will reduce your pension by around 5% for each year before **pension age**. This reduction to your pension is permanent.

Can I carry on working after I draw my pension?

No. If you carry on in your job after your pension age, you cannot draw your pension until you retire.

How do you pay my pension?

We will pay your pension into your bank account every month. We will take income tax off it in line with instructions from the HMRC.

Will you increase my pension?

We will increase your pension every April in line with the rise in the Retail Prices Index (RPI) over the year to the previous September.

What about State benefits?

You will receive basic State Retirement Pension based on the National Insurance contributions you have paid.

Important Note

As the scheme is 'contracted-out', you will not receive the **State Second Pension (S2P)** for your period of service as well.

Benefits for your dependants

What happens if I die in service?

We will pay a sum of three times your pay to the person (or people) you have named. Your annual benefit statement shows your nominated beneficiary.

If you want to increase this lump sum to up to four times your pay, you can do this by paying Additional Voluntary Contributions (AVCs) to Equitable Life. Contact us for more details.

What if I die after I leave the scheme?

If you die within five years of starting to draw your pension, we will pay a lump sum representing the balance of five years' pension to the person (or people) you have named.

If you are over age 75 when you die, any outstanding balance will be paid annually in arrears to your nominee(s) as a pension until the five-year period has expired.

If you leave the scheme and then die before drawing your pension, we will usually pay your nominee(s) a lump sum of:

- five times your **preserved** (frozen) pension; or
- twice your **final pensionable earnings** when you left the scheme; whichever is smaller.

How do I name someone to receive the lump sum when I die?

New entrants can name the person (or people) on the PensionChoices form in their Starter Pack. If you want to change your decision at any time, either ask us for a death benefit nomination form (DB2) or download one from our website at www.civilservicepensions-ni.gov.uk

If you decide to name more than one person, you can say how much you would like each person to receive. If you don't say how you want it shared between them we will pay each person you have named an equal share. If you name your spouse or **civil partner**, and your marriage/civil partnership ends, your spouse or civil partner will no longer be entitled to any lump sum. You should keep your nominations under review. Your annual benefit statement shows your nominated beneficiary.

Does my husband, wife or civil partner get a pension?

As long as you have been in the scheme for at least two years we will give your surviving spouse or civil partner a pension. We will work this out as three-eighths of your pension (this is the same as a hundred and sixtieth 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 spouse or civil partner will usually get a pension of three-eighths of your pension (before any reduction for giving up part of your pension to buy a lump sum). However, we may reduce this if you left with an ill-health pension with your reckonable service enhanced through to pension age. We will then base the pension for your spouse or civil partner on the extra years that we would have given if you had died in service on the day you retired. This is likely to (but may not) be less.

Once your spouse 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.

Examples

1. Sandra dies in service, aged 45. She has 20 years' service and final pensionable earnings of £20,000 a year. Sandra leaves a civil partner, Nicola.

We base Nicola's pension on 30 years' service – that is, Sandra's 20 years' service plus an 'enhancement' of an extra 10 years.

Nicola's pension

$$= \frac{3}{8} \times \left(\frac{1}{60} \times £20,000 \times 30 \right)$$

$$= £3,750 \text{ a year.}$$

2. Gordon has a pension of £10,000 but he decides to commute (give up) £1,875 of his annual pension so he can have a tax-free lump sum of £22,500.

When Gordon dies, although his pension was £8,125 a year, his widow gets a pension of £3,750 a year (three-eighths x £10,000).

I'm not married or in a civil partnership, but I have a partner

If neither you nor your partner is married to anyone else or in a civil partnership, we may pay your partner a pension. We work this out in the same way as the pension for a spouse or civil partner.

You must make sure that you and your partner fill in a declaration as we cannot pay a pension without this.

For more details on this, see the booklet 'Pensions for partners: a guide'. This booklet is also available on our website; www.civilservicepensions-ni.gov.uk or you can ask us for a copy. The declaration form will be included with the booklet.

You should keep your declaration under review. Your annual benefit statement shows your registered partner declaration. If you need to change your declaration, the form is also on the website under the section 'Resources' and the heading 'Forms'.

Will my children get a pension?

We will pay a pension to your children (and to any other children who rely on you financially) when you die.

We pay children's pensions for children up to the age of 18, or up to 23 if they are in full-time education.

We work out a child's pension as 30% of your pension entitlement if we pay a pension to your surviving spouse or civil partner, or 50% if you did not leave an adult **dependant**. If you leave more than two children who qualify for a pension we will reduce each child's pension so they each get an equal share.

Leaving the scheme

What options do I have if I resign?

If you have at least two years' service we will give you the choice of 'preserving' (freezing) 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 **pension age**. You can draw your pension at any time after 50, (55 if you joined the PCSPS(NI) after 06 April 2006) but it will be reduced because of early payment.

If you have less than two years' service when you leave, we will normally just refund your contributions, less tax. We will also make a deduction from your refund to pay for part of the cost of putting you back into the **State Second Pension (S2P)**. You may instead take a transfer value to another scheme but stricter time limits apply. Contact us for more details.

What happens if I become too ill to work?

If you have to leave the NICS before pension age, and our medical adviser agrees that you cannot do your job because your health has broken down permanently, we may pay you your pension when you leave. In these circumstances we will pay your pension without making any reduction because of early payment and, if you have very short service, we may give you a few extra years of service. If our medical adviser believes that your ill-health is so severe that you are unlikely to work again, we may also give you all the extra years of service you would have expected to have had if you had worked to retirement age.

There are two other conditions for an ill-health pension. First, you usually need to have worked for us for at least two years. And second, you must have filled in a satisfactory health declaration. Your employing department will send you a health declaration to fill in when you join.

For further details, please see the booklet 'classic plus and premium ill-health retirement pension benefits'.

What happens if I am made redundant?

Your employer will pay you compensation for loss of employment under the, Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)]. Your pension options will be the same as if you had resigned. You can draw your pension whenever you like after you are 50, (55 if you joined the PCSPS(NI) after 06 April 2006) but remember that we will reduce it because of early payment. Contact us if you want more details.

Making changes to your pension arrangements

Provided you joined **premium** after 1 October 2002, you will have one opportunity to switch from the premium scheme to a **partnership** pension account which is a money purchase pension with an employer contribution. You will also have one opportunity to switch back from a partnership pension account to the premium pension scheme.

We only allow you to switch on 1 April and 1 October each year and you must give us three months' notice in writing.

Important Note

classic members who moved to premium on 1 October 2002 may not switch.

Finding out more

How do I find out more about premium?

We have a range of booklets and leaflets covering the following topics.

For prospective employees;

- ‘partnership pension account – an overview’.

For new entrants;

- ‘Your pension your choice’.
- ‘Your partnership option’.

Main scheme booklets

- ‘premium pension scheme’.
- ‘partnership pension account’.

Boosting pensions;

- ‘Buying Added Years for your pension in classic plus and premium’.
- ‘Stakeholder Pensions’.
- ‘The Civil Service Additional Voluntary Contribution Scheme’.

Age retirement;

- ‘premium retirement benefits’.

Leaving before age retirement;

- ‘Civil Service Compensation Scheme (Northern Ireland) [CSCS(NI)]. Early retirement and redundancy for classic plus, premium and partnership pension account members’.
- ‘Leaving premium or classic plus before pension age with less than 2 years’ service’.
- ‘Leaving premium before pension age with 2 or more years’ service’.
- ‘classic plus and premium ill-health retirement pension benefits’.

Other issues

- ‘Civil Service Pensions Injury Benefits Scheme classic plus and premium’.
- classic plus and premium ‘benefits on death-in-service’.
- ‘If you have a complaint about your pension’.
- ‘Pensions for partners: a guide’.
- ‘Pensions and divorce’.

We will be adding to this list and will advertise new booklets and leaflets on our website.

Contact us for copies, or visit our website at www.civilservicepensions-ni.gov.uk where you can download all these titles.

How do I find out more about State pensions?

Contact the Department for Work and Pensions (DWP). Pensions Service website

Website;

<http://www.thepensionservice.gov.uk>

Where do I go for help?

We are the first place you should go to for information about premium.

If you joined the NICS on or after 1 October 2002 and want to enquire in the future about switching to a partnership pension account, look at the booklet ‘partnership pension account’ initially and then make enquiries of the different pension providers

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.

If you are still not satisfied, you can contact the Pensions Advisory Service (TPAS). You can 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

Email:

enquiries@pensions-ombudsman.org.uk

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

Website:

www.pensions-ombudsman.org.uk

You can write to the Pensions Ombudsman at:

11 Belgrave Road,
London
SW1V 1RB.

To find out more about IDR, ask us for the leaflet 'If you have a complaint about your pension'.

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

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

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

Other Information

Scheme rules

This booklet is a straightforward guide to the main conditions of the premium pension scheme. It does not cover every area – the full details are contained in the rules which are the legal basis of the scheme. Nothing in this booklet can replace the rules, and if there is any difference, the rules will apply.

The rules of the premium pension scheme are set out in section 1 of the Principal Civil Service Pension Scheme (Northern Ireland) [PCSPS(NI)]. This is a statutory scheme made under the Superannuation Act 1972.

You can get copies of the rules from our website www.civilservicepensions-ni.gov.uk.

This booklet is based on the rules current at the time of writing and there is no guarantee that any part of the rules will not change in the future.

Before we make changes to the rules, we consult with the Civil Service unions. Under the Superannuation Act we must get the agreement of the unions for any changes to the rules that affect benefits that members have already earned. Any changes we make to the rules are laid before Parliament.

Scheme managers

Your first point of contact should always be us as we will hold your pension records. We are the scheme managers and all our contact details are listed opposite.

Glossary

Abatement

If you are re-employed by the NICS after you have drawn your pension we may reduce or stop paying your pension. This is because scheme rules require that your new salary and your pension, when added together, may not normally be more than your salary when you retired.

Aggregation

If you leave the scheme and then come back you can usually either keep the two periods of service separate or you can choose to join your two periods of service together – this is called aggregation.

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. From 6 April 2006 you will also be able to take up to 25% as a tax-free lump sum. The benefits you receive are on top of your PCSPS(NI) pension.

By analogy schemes

Schemes that look like the PCSPS(NI) scheme are known as 'by analogy' schemes.

Civil partner

This is someone of the same sex as you, with whom you have registered your relationship under the Civil Partnership Act 2004.

classic

The old Principal Civil Service Pension Scheme was renamed classic on 1 October 2002. It was closed to new members from 1 October 2002.

Commutation

When you retire from the premium scheme, you will have the option to give up some pension in exchange for a tax-free lump sum. This is called 'commutation'. The commutation rate for normal retirement is 12:1 – this means that we will give you £12 of lump sum for every £1 a year of pension that you give up.

Contracting-out

If you join the premium pension scheme, you will opt out or 'contract-out' of (leave) the State Second Pension. You and your employer will pay the lower rate of National Insurance contributions.

Dependant

A dependant can be your husband, wife, civil partner, children or anyone else who relies on you financially.

Earnings cap

This is the limit on earnings that can be used to calculate the pensionable pay of a civil servant.

Enhancement

If you retire early because of ill-health, die in service, or are made redundant, we may increase the number of years you have in the scheme when we work out your pension or Annual Compensation Payment (ACP). This is called enhancement.

Final pensionable earnings

These are the earnings on which we base your pension.

HMRC

Her Majesty's Revenue & Customs. (Formerly the Inland Revenue)

partnership pension account

This is a stakeholder-type money purchase scheme with an employer contribution. Your pension will be based 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 because of early payment. Pension age is currently age 60 in premium.

Pensionable bonuses

Bonus payments do not usually count towards your pension unless your employer has agreed that they can.

Pensionable earnings

Pensionable earnings are all earnings which could count towards your pension. They can include non-cash items, for example, uniforms or accommodation.

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

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.

Public Sector Transfer Club

This is a club of pension schemes that offer special terms for transferring benefits. Members include premium, the NHS scheme, local government scheme and teachers' pension scheme.

Qualifying service

This reflects the time you have been a member of the pension scheme and it qualifies you for certain benefits. For many people qualifying service is the same as their reckonable service. But for some people, like those who work part-time, their qualifying service will be more than their reckonable service.

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.

Stakeholder pension

A stakeholder pension is a form of personal pension, available from 1st April 2001 to every one under the age of 75 (even children). It is not necessary to have any earnings to contribute. Even those in an occupational pension scheme can contribute. The annual management charge must be no more than 1% of the member's fund, and additional charges

for services such as advice must be optional and clearly identified.

You can take out a stakeholder pension whatever your earnings. You will receive tax relief on 100% of your pensionable earnings or £3,600 whichever is higher.

As from April 2006 you are able to increase your contributions. However, if this takes you over the Annual Allowance, you will have to report this and pay any extra tax.

State Second Pension (S2P)

This is the additional State pension (on top of the basic State Retirement Pension) that used to be called State Earnings-Related Pension. The amount you receive depends on your National Insurance contributions.

Transferring in

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

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