GMB Guide to the Civil Service Pension Schemes

A new Civil Service Pension Scheme – called Alpha – will be introduced in England, Wales and Scotland on 1 April 2015. The scheme's introduction followed many months of intensive negotiations and successful industrial action from GMB members in 2011.

Under the terms of the Civil Service Pension reforms, the scheme will continue to apply on a defined benefit basis, ensuring guaranteed levels of pensions payable from state pension age and subject to index linked increases. The structure of the scheme will be kept under financial review in the future and changes to future costs could result in changes to the scheme benefits or contribution rates. GMB members would be consulted in the event of such changes, and this guide would be updated accordingly.

This booklet covers how the new Alpha Pension Scheme will work – who joins when; what you pay in, what you get out of it and when you can get it. It also covers the other, historic Civil Service Pension arrangements which will continue to apply to members with full, or tapered protection (see section 1.1), and will still be the basis on which your pension is calculated for service before April 2015.

Remember that contributions made to pensions, including all of those covered in this guide are tax free – you don't pay income tax on your pension contributions.

Members seeking further information on Civil Service Pensions should be aware of the scheme's website at www.civilservicepensionscheme.org.uk/ . Whilst every effort has gone in to making this guide succinct whilst accurate, the regulations of the Civil Service pension schemes will always override any other information.

As well as discussing pensions with GMB, you can explore your options and get details of quotations my contacting your employer or MyCSP on 0300 123 6666.

Summary

The features of the new Alpha scheme are summarised in the table overleaf alongside those of the existing Civil Service Pension Arrangements:

	Alpha	Nuvos	Premium (inc Classic Plus since April 2002)	Classic	Partnership
Membership	All Service from 1 April 2015 (except for protected members who will join later, or not at all)	For new employees from 1 August 2007	For new employees from October 2002 (optional for earlier starting employees)	For employees starting before October 2002	Optional alternative Scheme available to all
Pension Type	Defined Benefit Career Average	Defined Benefit Career Average	Defined Benefit Final Salary	Defined Benefit Final Salary	Defined Contribution
Accrual Rate	2.32% (or 1/43.1)	2.30% (or 1/43.5)	1/60	1/80 (plus 3/80 lump sum)	N/A
Revaluation of Pension	Increased in line with CPI Price Inflation	Increased in line with CPI Price Inflation	Accrued pension based on final salary	Accrued pension based on final salary	N/A – your savings grow in line with investment returns
Pension Age	Normal Pension Age is your State Pension Age (minimum 65). State Pension Ages can be seen in Section 2.3 Pension can be started anytime between age 55 and 75	65 Pension can be started anytime between age 55 and 75	60 Pension can be started anytime between age 55 (50 for some) and 75	60 Pension can be started anytime between age 55 (50 for some) and 75	You can access pension savings between age 55 and 75

<table>
<tr>
<td>Contributions from April 2015</td>
<td>Across the four defined benefit sections there is a common contribution structure based on pensionable pay from 2015:

<table>
<tr><th>Pensionable Salary</th><th>Contribution Rate</th></tr>
<tr><td><£21,000</td><td>4.60% *</td></tr>
<tr><td>£21,001 - £47,000</td><td>5.45%</td></tr>
<tr><td>£47,001 - £150,000</td><td>7.35%</td></tr>
<tr><td>£150,001+</td><td>8.05%</td></tr>
</table>

(* - those in Classic on March 2015, and whose pensionable pay is less than £15,001 will pay a contribution of 3%)</td>
<td>Employee pays want they want

Employer pays between 3% and 15.5% of pensionable pay depending on age and employee contribution</td>
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1. Which Scheme will apply to you

Which of the defined benefit pension schemes you are eligible for depends on when you started employment:

a. If you started before October 2002, you would have joined the Classic Pension Scheme (see Section 4). You will have had a choice to move into the Premium Pension Scheme (see Section 3) in 2002.

b. If you started between October 2002 and July 2007, you would have joined the Premium Pension Scheme (see Section 3)

c. If you started between August 2007 and March 2015, you would have joined the Nuvos Pension Scheme (see Section 5)

d. If you start from 1 April 2015 onwards, you will join the Alpha Pension scheme (see Section 2)

e. All members have an option to join a separate Civil Service pension scheme known as Partnership (see Section 6). Members of that scheme will not see any change in April 2015 unless they actively choose to join another arrangement.

Members transferring to the Civil Service under compulsory transfer arrangements may have been allowed to join schemes outside of these dates.

1.1 Protection from Scheme Changes on 1 April 2015

From April 2015, the new Alpha Pension Scheme will come into effect. It will apply to new joiners and members of the other Civil Service Pension schemes (excluding Partnership) who are not subject to full protection. Full protection will apply if you were a member of a Civil Service Pension Scheme (or linked scheme) on 1 April 2012 and, at that date, were within 10 years of your Normal Pension Age (so, if you were 50 and over and a member of Premium or Classic, or if you were in Nuvos, aged 55 and over). Full protection means you will stay in your current pension scheme until you retire.

If you were a member of a Civil Service Pension Scheme (or linked scheme) on 1 April 2012 and, at that date you were between 10 and 13.5 years away from your Normal Pension Age you would be subject to Tapered Protection. Tapered Protection allows you to stay in your current pension scheme after 1 April 2015, but to move into Alpha at a later date, depending on your date of birth (exact details of which can be seen in the table below). You have a one-off option to forego Tapered Protection through the Options Exercise (see Section 1.2).

Members who were more than 13.5 years away from their Normal Pension Age on 1 April 2012, or who were not in a Civil Service Pension Scheme (or equivalent scheme) on this date, would not be protected and will move into Alpha on 1 April 2015.

For members who move to Alpha on 1 April 2015, or at a later date under Tapered Protection, the pension benefits you build up before moving into Alpha will be fully protected on the terms under which you built them up; including the age at which pensions are payable. Alpha scheme terms will only apply to the service you build up after you move into this scheme.

The dates at which Tapered Protection comes to an end (based on your age at 1 April 2012) are shown in the table on the next page. For example; a nuvos scheme member who was 53 years and 10 months on 1 April 2012 would move into Alpha in December 2019, and a Premium scheme member who was 46 and 9 months on 1 April 2012 would move into Alpha in October 2015.

Date Tapered Protection expires	**Age at 1 April 2012**			
	Nuvos Members		**Premium and Classic members**	
	Years	**Months**	**Years**	**Months**
Feb-22	54	11	49	11
Dec-21	54	10	49	10
Oct-21	54	9	49	9
Aug-21	54	8	49	8
Jun-21	54	7	49	7
Apr-21	54	6	49	6
Feb-21	54	5	49	5
Dec-20	54	4	49	4
Oct-20	54	3	49	3
Aug-20	54	2	49	2
Jun-20	54	1	49	1
Apr-20	54	0	49	0
Feb-20	53	11	48	11
Dec-19	53	10	48	10
Oct-19	53	9	48	9
Aug-19	53	8	48	8
Jun-19	53	7	48	7
Apr-19	53	6	48	6
Feb-19	53	5	48	5
Dec-18	53	4	48	4
Oct-18	53	3	48	3
Aug-18	53	2	48	2
Jun-18	53	1	48	1
Apr-18	53	0	48	0
Feb-18	52	11	47	11
Dec-17	52	10	47	10
Oct-17	52	9	47	9
Aug-17	52	8	47	8
Jun-17	52	7	47	7
Apr-17	52	6	47	6
Feb-17	52	5	47	5
Dec-16	52	4	47	4
Oct-16	52	3	47	3
Aug-16	52	2	47	2
Jun-16	52	1	47	1

Apr-16	52	0	47	0
Feb-16	51	11	46	11
Dec-15	51	10	46	10
Oct-15	51	9	46	9
Aug-15	51	8	46	8
Jun-15	51	7	46	7
Apr-15	51	6	46	6

1.2 Opting out of Tapered Protection through the Options Exercise (October 2014 – December 2014)

Members who are subject to tapered protection (i.e. those who were between 10 and 13.5 years of their existing scheme's normal pension age on 1 April 2012) can elect to opt out of receiving this tapered protection. This would mean that rather than move into the new Alpha Pension Scheme at a later date, you would move in April 2015, when Alpha is introduced.

An election to opt out of tapered protection is achieved through the 2015 Options Exercise, which is being run by MyCSP from October to December 2014. This one-off, irreversible decision would be made by returning a form that is included in an Options Pack, sent to eligible members in October 2014. This pack will contain a significant amount of information to help you make this decision.

The decision to opt out of protection means you would be asked if you want to move away from a your current defined benefit arrangement (as detailed in Sections 3, 4 and 5 of this guide) into Alpha at the earliest opportunity. An example of the factors to consider would be your intended plans on how long you will remain in the Civil Service pension scheme. If you plan to retire at your current normal pension age (60 or 65) then you may be better off delaying your move into Alpha. Or if you think you will work in the Civil Service until your State Pension Age, you may wish to move into Alpha sooner.

MyCSP have produced a helpful calculator that you can use to help in making this decision. Full details of the Options Exercise can be seen at http://www.civilservicepensionscheme.org.uk/

If you actively make a decision and communicate this to MyCSP, you will receive an acknowledgement in January 2015. If you do not make any decision, then you will be subject to Tapered Protection and will move to Alpha in accordance with the table above.

It is possible that some members who are eligible for Tapered Protection (and therefore eligible to partake in the Options Exercise) will not receive a pack. If you believe that you are such a member it is important to contact MyCSP at the earliest opportunity on 0300 123 2015.

1.3 Contracting out changing from April 2016

All of the defined benefit Schemes in the Civil Service pensions family are currently contracted out of the State Second Pension. That applies to Classic, Premium, Nuvos and will apply to Alpha on its inception. It does not apply to Partnership – members of that scheme will contract in to the State Second pension.

Contracting out means that, both you and your employer pay a lower level of National Insurance, and accordingly do not build up entitlement to the State Second pension (although you do still build up entitlement to the Basic State Pension).

Under Government reforms to simplify the State Pension, the facility to contract-out will end in April 2016. You can see GMB's Guide to State Pensions for more information (http://www.gmb.org.uk/work-issues/work-issues/pensions-and-retirement/work-issues/pensions-and-retirement/gmbs-guide-to-pensions.html) In essence this change means that with the ending of contracting out, you will revert to paying the full rate of National Insurance from April 2016 – an extra 1.4% of banded earnings in National Insurance.

1.4 Increases to Pensions in Payment

All of the Civil Service Defined Benefit pensions are increased every year once they come into payment. Government sets the rate of increase in line with changes to price inflation (currently measured by the Consumer Prices Index – CPI).

2 THE ALPHA PENSION SCHEME

2.1 What You Pay - Contributions

The contribution you pay towards Alpha is based on your Pensionable Pay. Contributions are deducted from your pay before Income Tax is worked out.

Pensionable Pay includes all of your basic pay and can include allowances, the monetary value of benefits in kind and performance related pay; where these are deemed as pensionable earnings by the Minister for Civil Service.

Your employer should look at your Pensionable Pay for each pay period (i.e. how often you get paid) and determine which of the Pay Bands in the table below you is appropriate. You will then pay contributions in line with that Pay Band. If your pay changes at any time your Pensionable Pay can be reviewed and you can be put into a different Pay Band.

Pay Band for the Year April 2015 to March 2016	Contribution Rates
Up to £15,000	**4.6%**
£15,001 - £21,000	**4.6%**
£21,001 - £47,000	**5.45%**
£47,001 - £150,000	**7.35%**

£150,001+	**8.05%**

Example 1

In April 2015, Jenny works 3 days a week on her contract and is paid £20,000. As this is her rate of pensionable pay she pays a rate of 4.6%. She pays £76.67 a month in pension contributions.

In September 2015, she begins to receive monthly pensionable allowances of £200. Her pensionable pay is now re-assessed as £22,400 meaning that her contribution rate rises to 5.45%. She now pays £101.73 a month in pension contributions.

2.2 Your Pension Benefit

From April 2015, for each year you are in Alpha (either full year or part of a year) you will build up a pension based on your pensionable pay for that year. Each year runs from 1 April to 31 March, and the pension you build up is 2.32% (or 1/43.1) of your Pensionable Pay for that year.

Example 2

For the Year from 1 April 2015 to 31 March 2016, Matt's pensionable pay is £26,000. In that year, he builds up a pension equal to £26,000 × 2.32% = £603.20. That pension is then revalued (increased) each year up until his retirement.

Increases are applied to the pension you build up between the year you build it up and your retirement date. Under Alpha, the increase that is applied to the pension you have built up is in line with changes to the Consumer Prices index (CPI) as published by the Office for National Statistics. In line with the general approach to pension increases, the annual measure of CPI each September is used to calculated the increase (revaluation) that should apply the following April.

Example 3

Matt (from the last example) sees his pensionable pay rise to £26,500 in his second year of service. In this second year he builds up a pension of £26,500 × 2.32% = £614.80. However the pension that he built up in Year 1 (from Example 2) is also added to this. It was £603.20, but will now be revalued (at an assumed CPI rate of 2%) to £615.26.

This revalued pension is added to the one he has built up meaning that after 2 years, Matt has built up a total pension of £615.26 + £614.80 = £1,230.06

Similarly for the third and fourth years of Matt's membership in Alpha the position is summarised as below

Year	Total Pension carried over from end of previous year	Revaluation rate (CPI)	Revalued Pension (A increased by B)	Pensionable Salary for this Year	Pension Accrued in this Year (=D * 2.32%)	Total Pension (+C+E)
	A	B	C	D	E	F
1 (2015/16)	-	-	-	£26,000	£603.20	£603.20
2 (2016/17)	£603.20	2%	£615.26	£26,500	£614.80	£1,230.06
3 (2017/18)	£1,230.06	2%	£1,254.66	£27,000	£626.40	£1,881.06
4 (2018/19)	£1,881.06	3%	£1,937.49	£28,000	£649.60	£2,587.09

After 4 years, Matt has built up an annual pension of £2,587.09. This will continue to be increased in line with CPI; and he will also build up further pension for any future years in which he contributes to the scheme.

a. Tax free Lump sum

At the time of your retirement you can elect to give up some of your annual pension in exchange for a one-off tax free lump sum. There are limits to the amount that can be taken and specific terms apply.

2.3 Retirement from Alpha

a. Normal Retirement

Your Normal Pension Age (which is the earliest age at which you can draw on your pension without any reduction) is not fixed, but is based on your date of birth:

Date of Birth	Normal Pension Age
Up to 06/12/1953	65
06/12/1953 - 05/10/1954	Rising from 65 to 66
06/10/1954 - 05/04/1960	66
06/04/1960 - 05/04/1961	Rising from 66 to 67
06/04/1961 - 05/04/1977	67
06/04/1977 - 05/04/1978	Rising from 67 to 68
After 05/04/1978	68

The Normal Pension Age for Alpha is not fixed; it is now linked to State Pension Age (SPA). SPA is subject to Government review and change, and the civil services link to SPA is itself to be kept under review. The Government wishes to balance the amount of time people spend in retirement and their aim is for people to be in retirement for one third of their adult life. GMB will continue to lobby that more information than just pure national life expectancy needs to be taken in to account, including locality based life expectancy and the nature of employment.

b. Early Retirement

It is possible to take early retirement in Alpha from the age of 55. However, if you wish to take your pension before Normal/State Pension Age it will be reduced on the grounds that it should be paid to you for longer than if you retired later at Normal Pension Age. There is no consent needed to be able to access your pension from the age of 55.

The reductions that applied to early pensions will be kept under review by the Government Actuary (to ensure that early retirement does not result in any extra costs or savings)but broadly speaking your pension would be reduced by 5-6% for each year early that it is being drawn.

c. Late Retirement

If you decide to not claim your pension when you reach Normal Pension Age then the amount of pension you have will increase. For every year you do not claim your pension after Normal Pension Age your pension will be increased by rates calculated by the Government Actuary. You can also carry on contributing to your pension if you are still working after Normal Retirement Age up until the age of 75, this will build up extra entitlement for when you retire.

d. Ill Health retirement

If your health has deteriorated to a point where you cannot continue to work and you have two years qualifying service in the scheme then you can apply for Ill Health Retirement. You can apply if you have left or leaving your job through ill health or if your employer should put you forward for this process if they are looking to dismiss you because of health related absences/capability.

The Scheme Medical Advisers will assess you to see if you qualify for ill-health retirement. If you do qualify, they will determine which level you will receive.

Lower tier – if you are unlikely to be able to do your current job again before your Normal Pension Age. If this is the case you receive the entire pension you have built up in alpha, without a reduction for early payment.

Upper tier – if you are unlikely to be able to return to any sort of employment before your Normal Pension Age. If this is the case you receive the same pension as the lower tier and an increased pension. The increase is worked out by multiplying the average pension you built up in a scheme year by the number of years until your Normal Pension Age.

e. Partial Retirement – Drawing your pension while still in employment

Once you have reached age 55 then you can decide, with your employer's consent, whether you wish to take partial retirement and claim your pension. It is possible for you to take partial retirement and claim all or some of your pension but you must reduce either your working hours or grade of employment so that your earnings are reduced by at least 20%. There will be a reduction associated with taking your pension early before your State Pension Age but this will depend on how early you retire.

It is also possible to keep paying in to your pension on your reduced hours or grade and build up your pension.

Example 4

Kim wants to take early retirement in April 2020 at age 60 with 5 years of pension. Kim wants to take 50% of the pension accrued. Kim will work reduced hours until normal retirement age of 66 and then take all of her pension.

Kim has built up a pension pot of £3000 in April 2020. Half of this pension is equal to £1500 this will then get reduced as it is taken 6 years early by (a notional factor of) 30%. Therefore the pension received is £1,050.

When Kim comes to fully retire and decides to take the whole pension she will also receive the other 50% (£1500) unreduced, as well as the pension built up through her reduced hours employment between 60 and 66.

f. Abatement of Pension

Abatement is the policy by which pension can be reduced if you work in a job covered by the Civil Service Pension Scheme after retirement (either full retirement or partial retirement). The reduction is such so that your combined earnings after retirement (from both pension and employment) are not greater than employment earnings before retirement.

The abatement policy is not applied to pension paid from Alpha (although it is retained for pension payable from other PCSPS defined benefit schemes).

If you have any other pensions outside the Civil Service Scheme (eg pension retained from employment before working for Civil Service), then these would not be subject to abatement either.

2.4 Membership from before April 2015 (or the date your tapered protection expires)

Prior to Alpha, the previous Civil Service Pension Schemes also operated on a defined benefit basis, but with earlier normal pension ages. The terms on which pension was built up in the previous scheme will be honoured in full. This means that for members who were PCSPS members prior to moving into Alpha, you will have more than one civil service pension calculated in different ways. Your Alpha pension is paid on its terms, and other civil pension is paid on the relevant terms (details of the other schemes can be seen in later sections).

Any previous civil service defined benefit pension and lump sum (i.e. from nuvos, Premium or Classic Sections) can only be claimed after leaving employment if you are over your minimum pension age, or if you retire (either fully or partially) from Alpha.

2.5 Death benefits

There are several death benefits linked to the Alpha Scheme.

Death in Service – If you die while an active member of the scheme, the person or organisation you have named on your 'expression of wish' form will be entitled to a lump sum of the better of: 2 x pensionable pay and five times the pension you have built up. There are also survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The survivor's pension is worked out as 3/8ths of the pension you had built up under Alpha with an enhancement. If the member leaves behind an eligible child then the child will also be given a survivor pension.

Death in Retirement – If a member receiving a pension dies before they are 75 then a death grant will be paid to a spouse, civil partner or nominated cohabiting partner that is equal to 5 times the annual pension amount minus the amount of pension already received. The survivor's pension is equivalent to 3/8ths of the amount of pension. If the member leaves behind an eligible child than the child will be given a survivor pension.

Eligible children are your own legitimate children, adopted children or children under your care for whom you have financial responsibility. The children must be either under 18 or in full-time education and not reached the age of 23 or not have the physical or mental capacity to participate in gainful employment and not reached the age of 23.

2.6 Topping up your Pension

a. Assumed Pensionable Pay

If a member is on reduced or nil pay due to parental or adoption leave the employer still pays their contribution on the amount the employee should have been earning, their assumed pensionable pay. Pension benefits are then based on this assumed pensionable pay. The employee may have to pay some contribution if they are receiving some part of their pay (e.g. statutory parental pay).

b. EPA

You can opt to make additional pension contributions to reduce the normal age at which you can draw your pension. For instance if your state pension age is 68, you can pay extra so that you can receive an unreduced Alpha pension from age 65. NB the lowest reduced age will be 65.

c. Added Pension Contribution

You can buy extra pension within Alpha, up to a maximum of £6,100 per year (this limit is kept under review). This can be paid for by lump sum or through regular pay roll contributions.

d. **AVCs**

If you wish to build up additional pension then you can through AVC (Additional Voluntary Contribution). If you decide to take up the option of paying AVC the money is not built up in the same way or as part of your pension pot. The AVC funds that you put in are managed by an AVC provider and your local scheme will be able to provide you details of the provider they use. Some employers may contribute to your AVC arrangement but this is completely at their discretion. When you come to retirement, there are several options of what you can do with your AVC savings - take some or all as a cash lump sum, drawdown on the savings pot or buy an annuity.

2.7 Leaving Service

a. Refund of Contributions

If you leave the pension scheme within 2 years of joining then you can choose between a refund of your contributions (less any appropriate deductions made for tax purposes) or to transfer your pension to another arrangement.

b. Deferred pension

If you leave the pension scheme and you have more than two years' service then you will have a deferred pension. This is a pension that will be paid to you upon reaching retirement age or you may take when you reach 55 but there will be a reduction for taking it early before your normal pension age. Every year your pension is deferred it will be increased in-line with CPI (Consumer Price Index).

If you have an Alpha pension and another civil service defined benefit pension that are both deferred, you can take these at different times (e.g. take a Premium pension at age 60 and continue deferring an Alpha pension until a later age).

c. Death in Deferment

If the deferred member dies then a death grant will be paid to a spouse, civil partner or nominated cohabiting partner that is equal to 5 times the annual pension expected if the member had been able to draw pension on the day that they died. The survivor's pension is equivalent to the amount of pension accrued but it is not worked out at 1/43.1th but at 1/160th. If the member leaves behind an eligible child than the child will be given a survivor pension worked out in the same way as above but at the accrual rate of 1/320th if there is more than one eligible child it will be worked out at 1/160th and then shared equally between them. If there isn't a spouse/civil partner/cohabiting partner but there is an eligible child the pension will be worked out the same but at the accrual rate of 1/240th or for more than one child 1/120th and shared equally.

3 PREMIUM PENSION SCHEME

3.1 What You Pay – Contributions

The Contribution you pay towards Premium is based on your Pensionable Pay. Contributions are deducted from your pay before Income Tax is worked out.

Pensionable Pay within the Premium Scheme is based on your full-time equivalent pay and includes pensionable allowances these are generally permanent allowances and do not include overtime.

There is a Pensionable Pay earnings cap, which restricts you earning benefits (and paying contributions) on your salary when it goes above the cap. For 2014/15 the Pensionable Pay earnings cap is £145,800 per annum.

Pay Band for the Year April 2014 to March 2015	Contribution Rates
Up to £15,000	**3.5%**
£15,001 - £21,000	**5.0%**
£21,001 - £30,000	**6.48%**
£30,001 - £50,000	**7.27%**
£50,001 - £60,000	**8.06%**
Over £60,000	**8.85%**

3.2 Your Pension Benefit

For every each year you are in Premium you will build up 1/60th (or 1.67%) of your final salary, this is the 'accrual rate'.

Example

If you are in Premium and retire with 20 years in the scheme on the annual salary of £23,000, then your pension will be worked out like this;

1/60 x 20 x £23,000 = £7,667 pa

Periods of part time working are pro-rated downwards when calculating pensionable service, but contributions are paid on part time salary and pension benefits based on full time equivalent pensionable salary to account for this.

a. Tax Free Lump Sum

At the time of your retirement you can elect to give up some of your annual pension in exchange for a one-off tax free lump sum. There are limits to the amount that can be taken and specific terms apply.

3.3 Retirement from Premium

a. Normal Retirement

Premium has a Normal Pension Age of 60 years of age.

b. Early Retirement

It is possible to request early retirement from the age of 50 if you were a member of premium before April 2006 or from the age of 55. However, if you wish to start claiming your pension before the Normal Pension Age it will be reduced by roughly 5% per year to compensate for the pension being paid for longer.

c. Late Retirement

When you reach Normal Pension Age and do not wish to take your pension it will not increase in the same way as it decreases for taking the pension early. However, it will increase in line with the Consumer Price Index each year after Normal Pension Age.

d. Ill Health Retirement

If your health has deteriorated to a point where you cannot continue to work and you have two years qualifying service in the scheme then you can apply for Ill Health Retirement. You can apply if you have left or leaving your job through ill health or if your employer should put you forward for this process if they are looking to dismiss you because of health related absences/capability.

The Scheme Medical Advisers will assess you to see if you qualify for ill-health retirement. If you do qualify, they will determine which level you will receive.

Lower tier – if you are unlikely to be able to do your current job again before your Normal Pension Age. If this is the case you receive the entire pension you have built up in Premium, without a reduction for early payment.

Upper tier – if you are unlikely to be able to return to any sort of employment before your Normal Pension Age. If this is the case you receive the same pension as the lower tier and an increased pension. The increase is worked out by increasing your service by the number of years you have left until your Normal Pension Age.

e. Partial Retirement

Once you have reached age 55 (or 50 if you joined the scheme before April 2006) then you can decide, with your employer's consent, whether you wish to take partial retirement and claim your pension. It is possible for you to take partial retirement and claim all or some of your pension but you must reduce either your working hours or grade of employment so that your earnings are reduced by at least 20%.

There will be a reduction associated with taking your pension early before your Normal Pension Age but this will depend on how early and how much you take. It is also possible to keep paying in to your pension on your reduced hours or grade and build up your pension.

f. Abatement of Pension

Abatement is the policy by which pension can be reduced if you work in a job covered by the Civil Service Pension Scheme after retirement (either full retirement or partial retirement). The reduction is such so that your combined earnings after retirement (from both pension and employment) are not greater than employment earnings before retirement.

If you have any other pensions outside the Civil Service Scheme (eg pension retained from employment before working for Civil Service), then these would not be subject to abatement either.

3.4 Death Benefit

Death in Service – If you die whilst an active member of the scheme, there is a lump sum of 3x your pensionable pay which is paid to the person named on your 'expression of wish' form. There are also survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The survivor's pension is worked out as 3/8ths of the pension you had built up with an enhancement. If the member leaves behind an eligible child then the child will also be given a survivor pension.

Death in Retirement - If a member dies within the first 5 years of receiving a pension then a death grant will be paid to a spouse, civil partner or nominated cohabiting partner that is equal to 5 times the annual pension amount minus the amount of pension already received. The survivor's pension is equivalent to 3/8ths of the amount of pension. If the member leaves behind an eligible child then the child will also be given a survivor pension.

Eligible children are your own legitimate children, adopted children or children under your care for whom you have financial responsibility. The children must be either under 18 or in full-time education and not reached the age of 23 or not have the physical or mental capacity to participate in gainful employment and not reached the age of 23.

3.5 Topping up your Pension

a. Added Pension Contribution

Added pension is a fixed amount of pension you can buy. Added pension will provide the same sort of benefits as your Premium pension.

b. AVCs

If you wish to build up additional pension then you can through AVC (Additional Voluntary Contribution). If you decide to take up the option of paying AVC, the money is not built up in the same way or as part of your pension pot. The AVC funds that you put in are managed by an AVC provider and your local scheme will be able to provide you details of the provider(s) they use. You can then use this separate pension pot built up through AVC to buy extra pension or take some or all as a lump sum.

3.6 Leaving Service

a. Refund of Contributions

If you leave the pension scheme within 2 years of joining then you can choose between a refund of your contributions (less any appropriate deductions made for tax purposes) or to transfer your pension to another arrangement.

b. Deferred Pension

If you leave the pension scheme and you have more than two years' service then you will have a deferred pension. This is a pension that will be paid to you upon reaching retirement age or you may take when you reach 55 (age 50 if you were a member of the scheme before April 2006) but there will be a reduction for taking it early before your normal pension age. Every year your pension is deferred it will be increased in-line with CPI (Consumer Price Index).

c. Death in Deferment

If you die when you are no longer in the scheme but have not started claiming your pension, there is a payment of 5x your deferred pension or 2x final pensionable pay whichever is smaller. There are normally survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The survivor's pension is worked out as

3/8ths of the pension you had built up without an enhancement. If the member leaves behind an eligible child then the child will also be given a survivor pension.

4 CLASSIC PENSION SCHEME

4.1 What You Pay – Contributions

The Contribution you pay towards Classic is based on your Pensionable Pay. Contributions are deducted from your pay before Income Tax is worked out.

Pensionable Pay within the Classic Scheme is based on your full-time equivalent pay and includes pensionable allowances these are generally permanent allowances and not overtime.

There is a Pensionable Pay earnings cap, which restricts you earning benefits (and paying contributions) on your salary when it goes above the cap. For 2014/15 the Pensionable Pay earnings cap is £145,800 per annum.

Pay Band for the Year April 2014 to March 2015	Contribution Rates
Up to £15,000	**1.5%**
£15,001 - £21,000	**3.0%**
£21,001 - £30,000	**4.48%**
£30,001 - £50,000	**5.27%**
£50,001 - £60,000	**6.06%**
Over £60,000	**6.85%**

4.2 Your Pension Benefit

For every each year you are in Classic you will build up 1/80th or 1.25% of your final salary, this is the 'accrual rate'. You will also receive 3x your pension as an automatic tax free lump sum on retirement.

Example

If you are in Classic and retire with 20 years in the scheme on the annual salary of £23,000, then your pension will be worked out like this;

1/80 x 20 x £23,000 = £5,750 pa

Your lump sum would then be worked out as;

£5,750 (pension) x 3 = £17,250

Periods of part time working are pro-rated downwards when calculating pensionable service, but contributions are paid on part time salary and pension benefits based on full time equivalent pensionable salary to account for this.

a. Tax Free Lump Sum

It is possible to take additional lump sum in exchange for a smaller annual pension. For every £1 of annual pension you give up you receive £12 as a lump sum.

4.3 Retirement from Classic

a. Normal Retirement

Classic has a Normal Pension Age of 60 years of age.

b. Early Retirement

It is possible to request early retirement from the age of 50 if you were a member of Classic before April 2006 or from the age of 55. However, if you wish to start claiming your pension before the Normal Pension Age it will be reduced by roughly 5% per year to compensate for the pension being paid for longer.

c. Late Retirement

When you reach Normal Pension Age and do not wish to take your pension it will not increase in the same way it decreases for taking the pension early. However, it will increase in line with the Consumer Price Index each after Normal Pension Age.

d. Ill Health Retirement

If your health has deteriorated to a point where you are permanently prevented (to age 60) from doing your job by incapacity; and you have two years qualifying service in the scheme then you can apply for Ill Health Retirement. You can apply if you have left or leaving your job through ill health or if your employer should put you forward for this process if they are looking to dismiss you because of health related absences/capability.

The Scheme Medical Advisers will assess you to see if you qualify for ill-health retirement.

If you meet the criteria, for ill health retirement, then you receive an immediate pension, with no reduction applied and with a possible enhancement to your pensionable service, based on your age and length of service.

e. Partial Retirement

Once you have reached age 55 (or 50 if you joined the scheme before April 2006) then you can decide, with your employer's consent, whether you wish to take partial retirement and claim your pension. It is possible for you to take partial retirement and claim all or some of your pension but you must reduce either your working hours or grade of employment so that your earnings are reduced by at least 20%.

There will be a reduction associated with taking your pension early before your Normal Pension Age but this will depend on how early and how much you take. It is also possible to keep paying in to your pension on your reduced hours or grade and build up your pension.

f. Abatement of Pension

Abatement is the policy by which pension can be reduced if you work in a job covered by the Civil Service Pension Scheme after retirement (either full retirement or partial retirement). The reduction is such so that your combined earnings after retirement (from both pension and employment) are not greater than employment earnings before retirement.

If you have any other pensions outside the Civil Service Scheme (eg pension retained from employment before working for Civil Service), then these would not be subject to abatement either.

4.4 Death Benefit

Death in Service – If you die whilst an active member of the scheme, there is a lump sum of 2x your pensionable pay which is paid to the person named on your 'expression of wish' form. There are also survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The short-term survivor's pension for the first 90 days (this is increased if you leave behind dependent children) is your pensionable pay. After this period the continuing pension, is 50% of the pension you would have been entitled to if you had retired on ill health grounds on that day.

Death in Retirement - There are survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The short-term survivor's pension for the first 91 days (this is increased if you leave behind dependent children) is your full pension. After this period the continuing pension, is 50% of the deferred pension.

4.5 Topping up your Pension

a. Added Pension Contribution

Added pension is a fixed amount of pension you can buy. Added pension will provide the same sort of benefits as your Classic pension.

b. AVCs

If you wish to build up additional pension then you can through AVC (Additional Voluntary Contribution). If you decide to take up the option of paying AVC, the money is not built up in the same way or as part of your pension pot. The AVC funds that you put in are managed by an AVC provider and your local scheme will be able to provide you details of the provider(s) they use. You can then use this separate pension pot built up through AVC to buy extra pension or take some or all as a lump sum.

4.6 Leaving Service

a. Refund of Contributions

If you leave the pension scheme within 2 years of joining then you can choose between a refund of your contributions (less any appropriate deductions made for tax purposes) or to transfer your pension to another arrangement.

b. Deferred Pension

If you leave the pension scheme and you have more than two years' service then you will have a deferred pension. This is a pension that will be paid to you upon reaching retirement age or you may take when you reach 55 (age 50 if you were a member of the scheme before April 2006) but there will be a reduction for taking it early before your normal pension age. Every year your pension is deferred it will be increased in-line with CPI (Consumer Price Index).

c. Death in Deferment

If you die when you are no longer in the scheme but have not started claiming your pension, there are survivor benefits of 50% of your deferred pension. This may be reduced dependent on a number of factors.

5 NUVOS PENSION SCHEME

5.1 What You Pay – Contributions

The Contribution you pay towards Nuvos is based on your Pensionable Pay. Contributions are deducted from your pay before Income Tax is worked out.

Pensionable Pay within the Nuvos Scheme is based on your full-time equivalent pay and includes pensionable allowances these are generally permanent allowances and not overtime.

Pay Band for the Year April 2014 to March 2015	Contribution Rates
Up to £15,000	**3.5%**
£15,001 - £21,000	**5.0%**
£21,001 - £30,000	**6.48%**
£30,001 - £50,000	**7.27%**
£50,001 - £60,000	**8.06%**
Over £60,000	**8.85%**

5.2 Your Pension Benefit

For each year you are in Nuvos you will build up a pension based on your pensionable pay for that year. Each year runs from 1 April to 31 March, and the pension you build up is 2.30% (or 1/43.5) of your Pensionable Pay for that year.

Example 1

For the Year from 1 April 2014 to 31 March 2015, Hannah's pensionable pay is £26,000. In that year, she builds up a pension equal to £26,000 × 2.3% = £598. That pension is then revalued (increased) each year up until her retirement.

Under Nuvos, the increase that is applied to the pension you have built up is in line with changes to the Consumer Prices index (CPI) as published by the Office for National Statistics. In line with the general approach to pension increases, the annual measure of CPI each September is used to calculated the increase (revaluation) that should apply the following April.

Example 2

Hannah (from the last example) sees her pensionable pay rise to £26,500 in her second year of service. In this second year she builds up a pension of £26,500 × 2.3% = £609.50. However the pension that she built up in Year 1 (from Example 1) is also added to this. It was £598, but will now be revalued (at an assumed CPI rate of 2%) to £609.96.

This revalued pension is added to the one she has built up meaning that after 2 years, Hannah has built up a total pension of £609.96 + £609.50 = £1,219.46

Similarly for the third and fourth years of Hannah's membership in Nuvos the position is summarised as below

Year	Total Pension carried over from end of previous year	Revaluation rate (CPI)	Revalued Pension (A increased by B)	Pensionable Salary for this Year	Pension Accrued in this Year (=D * 2.3%)	Total Pension (+C+E)
	A	B	C	D	E	F
1 (2015/16)	-	-	-	£26,000	£598	£598
2 (2016/17)	£598	2%	£609.96	£26,500	£609.50	£1219.46
3 (2017/18)	£1,219.46	2%	£1,243.85	£27,000	£621	£1,864.85
4 (2018/19)	£1,864.85	3%	£1,920.80	£28,000	£644	£2,564.80

After 4 years, Hannah has built up an annual pension of £2,564.80. This will continue to be increased in line with CPI; and she will also build up further pension for any future years in which she contributes to the scheme.

a. Tax Free Lump Sum

At the time of your retirement you can elect to give up some of your annual pension in exchange for a one-off tax free lump sum. There are limits to the amount that can be taken and specific terms apply.

5.3 Retirement from Nuvos

a. Normal Retirement

Nuvos has a Normal Pension Age of 65 years of age.

b. Early Retirement

It is possible to take early retirement in Nuvos from the age of 55. However, if you wish to take your pension before Normal Pension Age it will be reduced on the grounds that it should be paid to you for longer than if you retired later at Normal Pension Age. There is no consent needed to be able to access your pension from the age of 55.

The reductions that applied to early pensions would be usually reduced by 5-6% for each year early that it is being drawn.

c. Late Retirement

If you decide to not claim your pension when you reach Normal Pension Age then the amount of pension you have will increase but you must start claiming your pension before 75. For every year you do not claim your pension after Normal Pension Age your pension will be increased by rates calculated by the Government Actuary. You can also carry on contributing to your pension if you are still working after Normal Retirement Age up until the age of 75, this will build up extra entitlement for when you retire.

d. Ill Health Retirement

If your health has deteriorated to a point where you cannot continue to work and you have two years qualifying service in the scheme then you can apply for Ill Health Retirement. You can apply if you have left or leaving your job through ill health or if your employer should put you forward for this process if they are looking to dismiss you because of health related absences/capability.

The Scheme Medical Advisers will assess you to see if you qualify for ill-health retirement. If you do qualify, they will determine which level you will receive.

Lower tier – if you are unlikely to be able to do your current job again before your Normal Pension Age. If this is the case you receive the entire pension you have built up in Nuvos, without a reduction for early payment.

Upper tier – if you are unlikely to be able to return to any sort of gainful employment before your Normal Pension Age. If this is the case you receive the same pension as the lower tier and an increased pension. The increase is worked out by multiplying the average pension you built up in a scheme year by the number of years until your Normal Pension Age.

e. Partial Retirement

Once you have reached age 55 then you can decide, with your employer's consent, whether you wish to take partial retirement and claim your pension. It is possible for you to take partial retirement and claim all or some of your pension but you must reduce either your working hours or grade of employment so that your earnings are reduced by at least 20%.

There will be a reduction associated with taking your pension early before your Normal Pension Age but this will depend on how early and how much you take. It is also possible to keep paying in to your pension on your reduced hours or grade and build up your pension.

f. Abatement of Pension

Abatement is the policy by which pension can be reduced if you work in a job covered by the Civil Service Pension Scheme after retirement (either full retirement or partial retirement). The reduction is such so that your combined earnings after retirement (from both pension and employment) are not greater than employment earnings before retirement.

If you have any other pensions outside the Civil Service Scheme (eg pension retained from employment before working for Civil Service), then these would not be subject to abatement either.

5.4 Death Benefit

Death in Service – If you die while an active member of the scheme, the person or organisation you have named on your 'expression of wish' form will be entitled to a lump sum of the better of: 2 x pensionable pay and five times the pension you have built up. There are also survivor benefits for those who leave a spouse, civil partner or nominated cohabiting partner (who has been nominated by written declaration). The survivor's pension is worked out as 3/8ths of the pension you had built up under Nuvos with an enhancement. If the member leaves behind an eligible child then the child will also be given a survivor pension.

Death in Retirement - If you die within five years of starting to draw your pension, the scheme will pay a lump sum representing the balance of five years' pension (including any added pension you had bought) to the person or people you have named. If you are over 75 when you die, a lump sum cannot be paid due to tax rules. So any outstanding balance will be paid annually in arrears to your nominee(s) as a pension until the five-year period has expired.

5.5 Topping up your Pension

a. Added Pension Contribution

Added pension is a fixed amount of pension you can buy. Added pension will provide the same benefits as your Nuvos pension.

b. AVCs

If you wish to build up additional pension then you can through AVC (Additional Voluntary Contribution). If you decide to take up the option of paying AVC, the money is not built up in the same way or as part of your pension pot. The AVC funds that you put in are managed by an AVC provider and your local scheme will be able to provide you details of the provider(s) they use. You can then use this separate pension pot built up through AVC to buy extra pension or take some or all as a lump sum.

5.6 Leaving Service

a. Refund of Contributions

If you leave the pension scheme within 2 years of joining then you can choose between a refund of your contributions (less any appropriate deductions made for tax purposes) or to transfer your pension to another arrangement.

b. Deferred Pension

If you leave the pension scheme and you have more than two years' service then you will have a deferred pension. This is a pension that will be paid to you upon reaching retirement age or you may take when you reach 55 but there will be a reduction for taking it early before your normal pension age. Every year your pension is deferred it will be increased in-line with CPI (Consumer Price Index).

c. Death in Deferment

If the deferred member dies then a death grant will be paid to a spouse, civil partner or nominated cohabiting partner that is equal to 5 times the annual pension expected if the member had been able to draw pension on the day that they died. The survivor's pension is equivalent to the amount of pension accrued but it is not worked out at $1/43.5^{th}$ but at $1/160^{th}$. If the member leaves behind an eligible child than the child will be given a survivor pension worked out in the same way as above but at the accrual rate of $1/320^{th}$ if there is more than one eligible child it will be worked out at $1/160^{th}$ and then shared equally between them. If there isn't a spouse/civil partner/cohabiting partner but there is an eligible child the pension will be worked out the same but at the accrual rate of $1/240^{th}$ or for more than one child $1/120^{th}$ and shared equally.

6 PARTNERSHIP PENSION SCHEME

6.1 What You Pay – Contributions

You do not need to make contributions to this pension arrangement for your employer to pay in. However, if you wish to make contributions your employer will match them up to 3%. Contributions are deducted from your pay before Income Tax is worked out.

Your employer's contribution, not including any matched contribution, is dependent upon your age.

Age at the last 6 April	Contribution Rates
Under 21	**3%**
21-25	**4.5%**
26-30	**6.5%**
31-35	**8%**
36-40	**10%**
41-45	**11.5%**
46 or over	**12.5%**

Example

Kenneth is 34 years of age, he does not pay any contributions and the employer pays 8%.

On his 42nd birthday he decides to pay 3% contributions, therefore the employer pays 11.5% based on his age plus 3% to match Kenneth's contribution, totalling 14.5%. So overall Kenneth has 17.5% going in to his pension pot.

When Kenneth reaches age 50 he decides to up his contribution to 5%. The employer contribute 12.5% based on Kenneth's age and will match Kenneth's contribution but only up to 3%, totalling 15.5%. So overall Kenneth has 20.5% going in to his pension pot.

6.2 Your Pension Benefit

This type of pension is called Defined Contribution, as the amount contributed is always known. However, the amount you will benefit from this scheme is unknown. As your employer's (and yours, if you wish to make any) contribution is invested and the amount you will have at the point you wish to retire is unknown.

Therefore as a member of the partnership scheme you are taking all the risk with the investments as there are no guaranteed outcomes upon retirement from the employer.

The money saved into your retirement savings account is invested in line with your wishes. If your investment strategy makes losses, you lose money from your pension pot; the risk is entirely borne by you.

The accounts are managed by Scottish Widows or Standard Life (your choice) who will offer a range of investment funds; which again you can choose from, or opt for a “default” arrangement.

6.3 Retirement from Partnership

a. Normal Retirement

You can draw on this pension pot at any time between the age of 55 and 75. When you come to retirement, there are several options of what you can do with your Partnership pension - take some or all as a cash lump sum, drawdown on the savings pot or buy an annuity. You can draw this pension and carry on in work (For more information on your options see GMB Pension Guide, Section 4.5)

b. Ill Health Retirement

If you leave service due to Ill Health before the age of 60 and the Civil Service Medical Adviser agrees that your health has permanently broken down then you will be paid a lump sum worked out as 20% of your pensionable pay for every year of service up to three years of service (only if you have more than two years’ service).

6.4 Death Benefit

If you are an active member of Partnership and die while still in service, there is a lump sum benefit of 3 times your pensionable earnings and the full balance of your pension pot is bequeathed to the nominated person on your pension application form.

6.6 Leaving Service

If you leave service then the employer ceases to pay in to the pension pot. You can choose to transfer the contents of the pension pot in to another scheme or wait until you wish to retire and use the pension pot as you see fit.