

Important news – changes to your classic pension

Please read - this note updates the information in the booklet

- **Additional cash lump sums**

The booklet explains that one of the benefits that you will receive when you retire is a tax-free lump sum of 3 times your pension.

You will also be able to choose to give up part of your pension for an additional lump sum. 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.civilservice-pensions.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.

If you are single and eligible to receive a partial refund of WPS (widows' / widowers' pension scheme) contributions on retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund is taken into account in the maximum lump sum amount you can take.

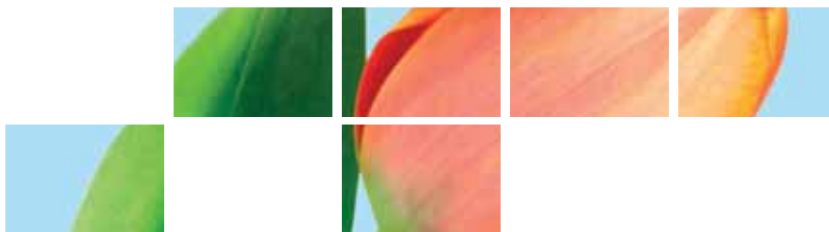
- **A higher service limit** – the maximum length of reckonable service that can count towards your pension has increased to 45 years, regardless of your age. If you had already reached the previous 40 year limit before age 60, you can build up more reckonable service from 1 March 2008. However, any 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 members'

Publications are available to read and download from the Civil Service Pensions website (see below) or from your pensions administrator.

classic benefits on death-in-service

A brief guide to the benefits available





A member of the **classic** pension scheme who you were close to, has died recently. We know that this is a traumatic time for you, and that it may still be difficult to concentrate on practical issues. We have prepared this booklet to give you a brief guide to the benefits that may be available to you from **classic**.

Read it when you feel able to.

This booklet does not describe the detailed calculations which the scheme administrators will do. Instead, it aims to answer some of the questions you may have.

We have tried to use as little jargon as possible, but we have defined some technical terms shown in bold when they appear in the text. Please refer to the glossary section on the back cover for an explanation of the terms.



What benefits are provided?

When a civil servant dies, **classic** may provide:

- a lump sum;
- a short-term pension;
- a long-term widow's, widower's or **civil partner's** pension; and
- children's pensions.

The lump sum benefit

The lump sum death benefit is usually equal to two years' **pensionable earnings**, although if the scheme member worked part-time, it is usually two years' part-time **pensionable earnings**.

The scheme member may have nominated someone to receive the lump sum death benefits. In this case, we will usually pay the person nominated. If the scheme member did not nominate anyone, we will pay the death benefit to the member's **personal representatives**.



Your questions answered

How quickly can benefits be paid?

Our pensions administrators give priority to paying death benefits, and aim to pay them within one week of receiving the death certificate and any other evidence or information they need.

My husband, wife or civil partner was only in the Civil Service for a year, so am I entitled to a pension? I have to support our children.

You are entitled to a short-term pension which we will pay for 91 days. This period is extended to 182 days if there are eligible children. You will not receive a long-term pension as your husband, wife or **civil partner** had served less than two years, but we will pay a children's pension when the short-term pension ends.

I was neither married to, nor in a civil partnership with, my partner; am I entitled to anything?

If your partner nominated you to receive the lump sum death benefit, we will pay this to you. The **classic** rules do not entitle you to a survivor's pension.

For how long will I receive my widow's, widower's or civil partner's pension?

Your pension will continue for as long as you stay unmarried, do not enter a civil partnership and do not live with someone else as though you were married to or in a civil partnership with them.

I am entitled to receive a pension for myself and the children. As I work, I am worried that the children's pension will be taxed at a high rate. What can I do about this?

Our paying agent, Capita, will pay pensions every month.



Capita will provide a separate pay advice for the children's pensions and, although they pay this to you, it will be taxed separately from your own pension.

I understand that you will only pay children's pensions until they are 17. Is that right?

We will continue to pay children's pensions for children over 17 and under 23 while they are in full-time education. In these cases we will need a letter of confirmation from the school, college or university that they are in full-time education.

My husband, wife or civil partner nominated their mother rather than me for the lump sum death benefit, is there anything I can do about this?

As long as a nomination has been made correctly, we cannot pay death benefits to anyone else.

Following my son's death, I am now the guardian of my two grandchildren. Am I entitled to any benefits?

You may be entitled to a children's pension (as above) and also to a short-term pension.

I know my husband, wife or civil partner was paying AVCs (additional voluntary contributions), what happens about these?

We will tell the AVC provider that your husband, wife or **civil partner** has died and act as the first point of contact with them.

I know my husband, wife or civil partner was contributing to a Stakeholder pension through the Civil Service arrangements with Standard Life. What should I do about this pension?

You should initially contact Standard Life on 0800 33 33 04. They will advise you about benefits due under the scheme following individual arrangements your husband, wife or **civil partner** made.



Short-term pension

We will pay a short-term pension at the rate of the member's actual pensionable earnings. We will pay the pension to the member's husband, wife or **civil partner**. If someone other than their husband, wife or **civil partner** is caring for the member's children we may pay them a short-term pension as long as we are not paying a long-term widow's, widower's or **civil partner's** pension.

We will pay the short-term pension for between three and nine months, according to circumstances.

Long-term widow's, widower's or civil partner's pension

If the scheme member had at least two years' service in **classic**, their widow, widower or **civil partner** will receive a pension based on their **pensionable earnings** and years of service in the pension scheme.

The calculations can be complicated (especially if they were in the PCSPS before 1972 (for men), 1987 (for women) or 1988 (members with a **civil partner**), but please ask if you want details.

Children's pensions

We will pay pensions for all children who were financially dependent on the scheme member when they died. The amount of pension we will pay depends on the number of dependent children. If there are more than two dependent children in total (not just in your care), we will reduce the pensions we pay.

Note: We will pay a long-term widow's, widower's, **civil partner's** and children's pensions, when you are no longer receiving a short-term pension.



Glossary

Civil partner is someone of the same sex as the member with whom they had registered a partnership under the Civil Partnership Act 2004.

classic was called the PCSPS before 1 October 2002.

Pensionable earnings is the amount of earnings used to work out your pension benefits.

Personal representatives are the people who have the power to dispose of the deceased scheme member's estate. These will be the executors if there was a will. If the member died without leaving a will, personal representatives will be named in the Letters of Administration (Confirmation of Executor in Scotland) which your solicitor will apply for.

Note: This booklet provides a straightforward guide to the main provisions of **classic**. It does not cover every aspect; the full details are contained only in the rules, which are the legal basis of the scheme. You should note that nothing in this booklet can override the rules, and in the event of any unintentional difference, the rules will prevail.

For more information and advice, please contact the person who sent you this booklet.

You can obtain more information about the Civil Service pension arrangements from the website: **www.civilservice-pensions.gov.uk**

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