

## Leaving nuvos with 2 or more years' service



## Introduction

This booklet explains what happens to your nuvos benefits if you leave with two or more years' service. What counts as two years' service depends on whether you transferred in benefits when you joined. Read on to find out whether this booklet is for you.

### Important note

This booklet 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 about specific benefits, please see the booklet "nuvos pension scheme" or contact your pension payroll administrator. You can also find more information about the Civil Service pension arrangements from the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

We have tried to use as little jargon as possible, but we have defined some terms (shown in bold) that appear in the text. Please see the Technical terms section at the end of the booklet for an explanation of these terms.

### What counts as two years' service ?

If you are leaving before pension age with less than 2 years' service but you have had a transfer value paid in from a personal pension or from a retirement annuity contract, you will be treated the same as someone who has two or more years' service. If you have had a transfer value from an occupational scheme, then the service from that transfer will count towards your two years' service in nuvos.

This booklet will also apply to you if you are leaving after pension age without drawing your pension.

If none of these apply to you, then you should ask your pensions administrator for the leaflet "Leaving nuvos before pension age with less than 2 years' service".



### What happens to my pension?

Your nuvos pension (including any added pension and any pension bought by a transfer in) is preserved for payment later. Your preserved pension will be increased each year in line with the increase in the Retail Price Index (RPI). This 'pensions increase' will continue when your pension comes into payment.

The pension payroll administrator will write to you every year to tell you the current value of your preserved pension. Remember to tell them if you move house.

### What happens to my AVCs?

If you have contributed to the Civil Service AVC Scheme, your pensions administrator will write to you separately about those contributions.

### Can I transfer my nuvos pension to another pension scheme?

Instead of leaving your preserved pension in nuvos, you may be able to transfer it to another pension arrangement. Further information about transferring your pension is given later in this booklet.

### When can I draw my pension?

You can choose to bring your nuvos pension into payment at any time from your 55<sup>th</sup> birthday to your 75<sup>th</sup> birthday. If you choose to draw your pension before pension age, though, it will be actuarially reduced because of the early payment. The reduction will typically be about 5% for each year before pension age.

Note that your pension is reduced for life: it will not go back up to the full rate once you reach pension age. However, any pension payable to your dependants will be worked out as if your pension had not been actuarially reduced.

If you choose to bring your nuvos pension into payment after pension age, then it will be increased to reflect the fact that it is being paid late. Any pension

paid to your dependants will include the late payment uplift.

In all cases, any added pension which you bought whilst you were a nuvos member will also come into payment at the same time, and on the same basis – i.e. if your main pension is actuarially reduced because you are choosing to draw it early, your added pension will also be actuarially reduced. If you choose to draw your pension late, your added pension will also be increased for late payment.

You cannot choose to take your added pension at a different time from your main nuvos pension.

### What if I become ill after I have left the scheme?

If you are terminally ill, with a life expectancy of less than 12 months, you can apply to have your pension benefits commuted into a lump sum and paid immediately. The lump sum will be five times your pension. This will not affect how any dependants' pensions are worked out.

### What if I die before drawing my pension?

If you die before drawing your pension, there will usually be a lump sum payment to the person or people you have named. The lump sum will be five times your preserved pension (including any added pension you had bought), increased in line with the Retail Price Index from the date you left until the date of your death.

If you want to change your nomination after you leave service, you can download a form from our website, or ask the pension payroll administrator for a death benefit nomination form.



If you have named your husband, wife or civil partner and you then get divorced or your civil partnership is dissolved, your nomination form will become invalid and the lump sum will not be paid to your former husband, wife or civil partner. If you still wanted him or her to receive the lump sum, you must complete a new form after the date of your divorce/dissolution to nominate them again. Note that if you are legally separated but not divorced, a nomination for your husband or wife will still be valid.

It is your responsibility to keep your nomination under review and update it whenever necessary. The pension payroll administrator cannot pay the lump sum to a person other than your nominee(s), though if there are good grounds for considering it is not appropriate to pay the sum to your nominee it can instead be paid to your personal representative.

### What happens if I die without having made a nomination?

The pension payroll administrator will pay any lump sum that is due to your personal representative.

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

We will pay your surviving husband, wife or civil partner a pension if you die after having left with a preserved pension. Their pension entitlement is worked out as 37.5% ( $\frac{3}{8}$ ths) of your pension, including any added pension you have bought for yourself and your family, and any pension bought by a transfer in from another scheme.

**I am not married or in a civil partnership but I have a partner. Will they receive a pension?**

If neither you nor your partner is married to anyone else or in a civil partnership, we may pay your partner a pension. The pension payroll administrator works this out in the same way as the pension for a husband, wife or civil partner.

You must make sure that you and your partner fill in a declaration as we cannot pay a pension without this. Your partner will also have to provide evidence that he or she was financially dependent on you, or that you were financially interdependent, at the time of your death. There is more information on this in the booklet "Pensions for partners: a guide". This booklet is available on our website or you can ask the pension payroll administrator for a copy. The declaration form is in the booklet.

You should keep your declaration under review. If you need to change your declaration, the form is also on the website under 'Publications, rules and 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, whether or not they were born before you left the Civil Service. We pay children's pensions for dependent children up to the age of 18, or to 23 if they continue in full-time education or vocational training. A pension may be payable for life to a child who is dependent due to serious disability; ask the pension payroll administrator for more information about this.

The pension payroll administrator works out a child's pension as 30% of your pension entitlement if we pay a pension to your surviving husband, wife, civil partner or nominated partner, or 50% if there is no such pension payable. If you leave more than two children who qualify for a pension the administrators will reduce each child's pension so they each get an equal share.

### Can my dependant have a lump sum instead of a pension?

If the pension falls within the HMRC limits on trivial commutation, your dependant may choose to have it commuted into a lump sum. Your dependant can find out more about this from the pension payroll administrator.

### What happens if I get divorced?

If you get divorced, or your civil partnership is dissolved, the court will take into account any pension rights, and may make either an earmarking order or a pension sharing order over your pension benefits. You can find out more about this from the booklet "Pensions and divorce", which you can download from our website or obtain from the pension payroll administrator.

If you had previously nominated your husband, wife or civil partner to receive any lump sum death benefit, that nomination will become invalid at the date of your divorce/dissolution, so you should remember to make a new nomination. You can obtain the form to do this from the website or from the pension payroll administrator.

### What happens if I am re-employed by a Civil Service pensions employer?

This will depend on what pension arrangements are on offer at that time.

If nuvos is available to you, you will usually have the option of leaving your earlier benefits preserved or linking them with your new pension. You will be told about your options at the time you rejoin.



### How do I claim my pension?

You should write to the pension payroll administrator around three months before you want to draw your pension. They will then send you a claim form.

### Can I have a lump sum?

At the time you draw your pension you can choose to give up part of your pension for a tax-free lump sum. This will be subject to limits set by HMRC. Currently the limit is 25% of the total value of your pension benefits. You can work out the maximum lump sum you can take by multiplying your pension by 30/7. You can find a calculator on our website. The pension payroll administrator will reduce your pension by £1 a year for every £12 you take as a lump sum. This is called "commuting" pension for lump sum.

Before your pension comes into payment, you may choose to give up part of your pension in exchange for additional pension

for a dependant after your death. This is called "allocation".

If you are interested in this option you should contact the pension payroll administrator for further information.

Allocation of your pension will not affect the way any pension for another member of your family is worked out.

### Do I get a State pension?

Once you reach State Pension Age you may claim the basic State pension provided you have paid sufficient National Insurance contributions.

As nuvos is contracted-out, you will not receive a full State Second Pension (S2P) for the period of time you were a nuvos member, although you may be entitled to a "top-up" payment from S2P.

You can find out more about State pensions on

[www.thepensionsservice.gov.uk](http://www.thepensionsservice.gov.uk)

(this is a website of the Department for Work and Pensions (DWP)) or contact the DWP through their local Pensions Centre, or phone 0845 606 0265.

### How can I transfer my nuvos pension to another pension arrangement?

If you have joined your new employer's pension scheme, you should contact the administrator of that scheme; they will contact the pension payroll administrator and arrange for you to be given a transfer value. You should note that although you can apply to transfer your preserved pension out of nuvos at any time before you claim it, your new employer's scheme may impose a time limit on transferring a pension in. Your new pension scheme does not have to accept a transfer (unless it is part of the Club – see below) and may impose conditions.

The Public Sector Transfer Club (the "Club") offers employees who move between Club employers the opportunity to transfer their pension benefits on special terms. Club terms only apply 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 want to transfer your nuvos pension to a Club scheme, you must apply to do this within 12 months of becoming eligible to join your new employer's scheme.

Alternatively, you may transfer your nuvos pension to a personal pension arrangement, such as a stakeholder scheme. If you wish to do this you should contact the pension payroll administrator.

You may wish to consider taking independent financial advice before deciding to transfer your nuvos pension.

Please note that the pension payroll administrator can only pay a transfer value to a pension scheme or arrangement that is registered by HMRC, or is a qualifying recognised overseas' pension scheme.

## Further information

### Where can I get more information?

There is more information about nuvos, including a number of booklets and leaflets, on our website, [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

### Who should I contact if I have a query about my pension?

You should contact the pension payroll administrator.

### Can the administrator give me advice about my options?

No, the scheme administrators cannot give you advice. If you need advice you should contact an Independent Financial Adviser (IFA). A number of membership organisations provide access to financial advice, or you can find an adviser in your area on [www.unbiased.co.uk](http://www.unbiased.co.uk)

### What if I have a complaint about my pension?

If you have a problem with any part of your nuvos pension benefits, you should try to sort it out with your pensions administrator. Often a phone call or email will be enough. If you cannot sort out the problem to your satisfaction, we

have a statutory complaints procedure known as internal dispute resolution (IDR). This entitles you to a written explanation from the administrator and then, if you are still not satisfied, to have your complaint investigated by Cabinet Office Civil Service Pensions. You can also contact the Pensions Advisory Service (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  
or telephone them on  
0845 6012923.

You can also contact them via their website, [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk) or email them at [enquiries@pensionsadvisoryservice.org.uk](mailto:enquiries@pensionsadvisoryservice.org.uk)

## Technical terms

### Actuarially reduced

Members aged 55 or over with an entitlement to a nuvos pension can choose to draw their pension before pension age. Benefits are paid immediately but are reduced because they will be paid for longer. The reduction is determined by the scheme actuary.

**Added pension** is an additional amount of pension that you can buy

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

**Club** see Public Sector Transfer Club

**Commutation, commute** means the exchange of pension for a lump sum.

### Contracted out

As a nuvos member you were contracted out of the State Second Pension. You and your employer paid a lower rate of National Insurance contributions.

### Deferred

A deferred member is a pension scheme member who is no longer building up pension and who has not yet started to draw their pension. A deferred pension is another term for a preserved pension.

**Dependant** is a member of your family or anyone else who relies on you financially.

**Family** means your husband, wife, civil partner or nominated partner and your dependent children.

### HMRC

Her Majesty's Revenue & Customs

### Independent Financial Adviser

**(IFA)** is a qualified person or firm that can give independent advice on matters such as life assurance and pensions. IFAs are regulated by the Financial Services Authority. You can find out more on [www.fsa.gov.uk](http://www.fsa.gov.uk)

**Pension age** is the earliest age at which you can choose to leave and receive immediate payment of your pension without it being reduced because of early payment. Pension age is currently age 65 in nuvos.

**Pension payroll administrator** is the company appointed by Civil Service Pensions to administer pensions in payment. You can find their contact details on [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk) under 'Former members'.

**Personal representative** Your personal representative is the person responsible for sorting out your affairs after your death, such as your executor.

**Preserved**  
A preserved pension is pension benefits from an earlier period of service that will come into payment at a later date, usually at pension age. A preserved pension is sometimes also called a deferred pension or a "frozen" pension.

**Public Sector Transfer Club** or "The Club" is a group of defined benefit occupational pension schemes, mainly within the public sector, that offer special terms for transferring benefits. Members include the NHS, local government and teachers' pension schemes. You can find a full list of Club schemes on our website.

**Qualifying recognised overseas' pension scheme** is a scheme to which pension transfers can legitimately be made under HMRC rules.

#### **Retail Price Index**

The Retail Price Index (RPI) is one of the official indices used to measure price inflation. It is used to set increases for pensions in payment, and for revaluing your nuvos pension each year before it comes into payment. The figure used is generally the September RPI.

**Scheme actuary** is the professional adviser who works out what pension benefits will cost and what contributions will be needed to pay for them, taking into account factors such as life expectancy, interest rates and inflation.

**Stakeholder pension** is a form of personal pension which operates under rules that limit its charges and make it easier to transfer the pension to another provider.

**State Pension Age** is 65 for men, and for women born on or after 6th April 1955. Women born before 6th April 1950 will have State Pension Age of 60; women born between those dates will have a State Pension Age on a sliding scale between 60 and 65. See [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk) for a calculator. It is expected that the State Pension Age will rise from 65 to 68 between 2020 and 2050. This will affect anyone born after 5th April 1959, though only those born after 5th April 1978 will have to wait until 68 for their State pension.

**State Second Pension (S2P)** is the additional State pension (on top of the basic State pension) that used to be called State Earnings-Related Pension (SERPS). The amount you receive depends on your National Insurance contributions.

**Transfer value** is the amount paid as a transfer payment when a member takes their benefits from one pension scheme to another.

**Trivial commutation**  
HMRC allow small pensions to be commuted (exchanged) for a lump sum payment; this is known as trivial commutation.





[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

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