

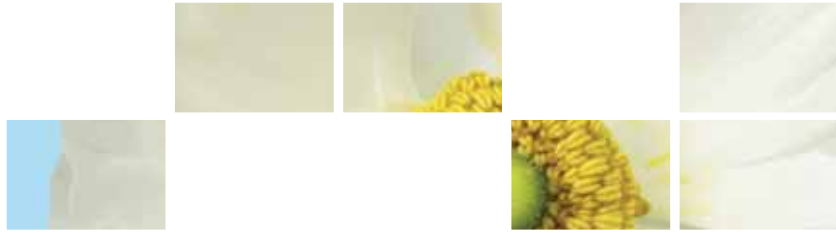
# Leaving premium before pension age with 2 or more years' service

A brief guide to what is available

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

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## Important note

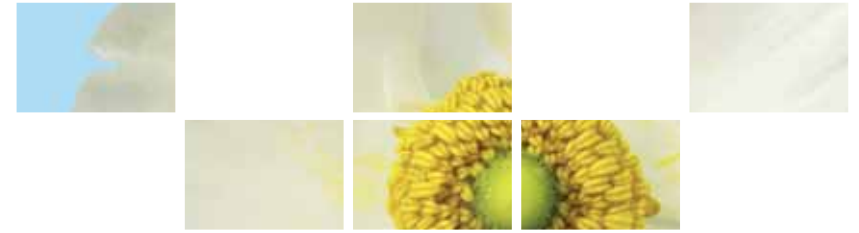
This booklet provides a guide to the **premium** benefits you will receive when you reach pension age. For most people that is age 60.

It may not cover every aspect. The full details are contained only in the rules, which are the legal basis of the scheme. You should not that nothing in this booklet can override the rules, and in the event of any unintentional difference, the rules will prevail.

If you are leaving early with benefits, see the brochure 'Civil Service Compensation Scheme (CSCS) Early retirement and redundancy for **classic plus**, **premium** and **partnership pension account** members'.

For information about your benefits under the CSCS, you should contact your pensions administrator.

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 for an explanation of these terms.



## Retirement benefits

Your pension is preserved for payment at pension age. We will increase your preserved pension each year in line with the increase in the Retail Prices Index (RPI). This 'pensions increase' will continue when your pension comes into payment. Our pensions payroll provider will write to you every year to tell you the current value of your preserved pension. Remember to tell the pensions payroll provider (contact details on our website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)) if you move house.

When you reach pension age, you will be entitled to a pension worked out using your **final pensionable earnings** and your **reckonable service**. You will, however, be able to commute (give up) some of your pension for a tax-free lump sum.

You will also have the following options, which you may wish to consider before pension age:

- to take the transfer value of your pension to another pension scheme or arrangement;
- to draw your pension early, but on a reduced basis, from age 50 (55 if you joined the Civil Service on or after 6 April 2006) or later; or
- to give up some of your pension to provide a pension (or a further pension) after your death, for someone else. This is called 'allocation'.

### Pension

We work out your pension as follows:

**Final pensionable earnings** times **reckonable service** divided by 60.



If you work part-time, your service will count on the basis of the hours you have worked, and your **final pensionable earnings** will be the equivalent full-time rate rather than the rate you have been paid.

#### Lump sum

Before it comes into payment, you can commute (give up) some of your pension in exchange for a lump sum, which will be tax-free, subject to the Lifetime Allowance.

We will tell you about the maximum lump sum you can have. Within the maximum, you choose how much lump sum you want, but for each £12 of lump sum you must give up £1 of annual pension.

You can find out how much lump sum you can take, and the effect it will have on your pension by using the calculator on the Civil Service Pensions website. You can ask your pensions administrator to do this for you if you do not have access to the calculator.

Reducing annual pension in this way generally has no impact on dependants' pensions as these are based on your pension before you give any up for a higher lump sum. However, if you are aged 75 or over when you die, 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 might lead to your dependants' pensions being reduced if you die after reaching 75. But this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education) when you die over age 75.

The amount of pension, after commuting, must be enough to cover the amount of **guaranteed minimum pension** we must pay you at **State pension age**. That may limit how much lump sum you can have.



#### Claiming your pension

Unless you transfer your pension elsewhere, or draw it early, you should write to Capita Hartshead around two months before you reach pension age.

Capita Hartshead will then send you a claim form.

#### Allocation of pension

You may want to give up some of your own pension to provide (allocate) a pension, after your death, for someone else. **premium** provides a pension for a surviving husband, wife or eligible partner anyway, but you might want to allocate some of your own pension either to increase this pension or to provide a pension for someone else.

You can only allocate pension to someone who depends on you financially or if you both depend on each other financially. There are also limits on the amount of pension that you are allowed to give up.

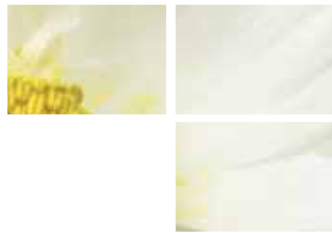
If you think that you might be interested in this option, ask Capita Hartshead for further details about what this might mean for you.

#### Taking a transfer value

Instead of having your pension preserved in **premium**, you can have the value of your pension transferred to:

- another employer's pension scheme;
- a personal pension; or
- a stakeholder pension (including, if you are eligible, a **partnership pension account**).

If you want to transfer the value of your **premium** pension, you should ask your pensions administrator for a transfer value quotation. Before you proceed with a transfer, you should make sure that you understand what you are giving up and what you will get in return. We suggest that you also ask your new



scheme administrator about the transfer arrangements.

Please note that transfers are subject to time limits, and some of these time limits require you to take prompt action.

For more information about taking a transfer value, ask your pensions administrator.

To find out if you are eligible for a transfer under the Public Sector Transfer Club (Club) arrangements, ask for the 'Club' leaflet.

### Drawing your pension early

You can apply to Capita Hartshead to have your pension paid early on a reduced basis at any time after reaching age 50 (55 if you joined the Civil Service on or after 6 April 2006). As it is paid early, we reduce your pension by around 5% for each year before pension age.

So, if you draw your pension 5 years early at age 55, it would be around 25% less than you would have received if you had waited until age 60. Pensions increase is due on your pension if you draw it before age 55, but it is not payable until you reach age 55.

The amount of pension, after reduction, must be enough to cover the amount of any **guaranteed minimum pension** we have to pay you at **State pension age**. That may limit how early you can draw your pension. However, you may be able to take your pension early and give up some of that reduced pension for a lump sum, see the section 'Lump sum'.

For more information, ask your pensions administrator.



## Death benefits

### Lump sum benefits

If you die before you draw your pension, we will pay a lump sum of 5 years' worth of pension to whoever you have nominated.

If you die within 5 years of drawing your pension, we will pay the balance of 5 years' worth of pension to whoever you have nominated.

If you want to change your nomination after you leave service, please contact Capita Hartshead.

If we do not have a valid nomination on file when you die, we will pay any death benefit to your **personal representatives**.

### Benefits for your husband, wife or civil partner (from 21 December 2005)

We will pay your husband, wife or civil partner a pension for life.

This pension will be  $\frac{3}{8}$  of your pension before commuting any of it into lump sum.

### Benefits for your partner

If you are not married, your partner may be eligible for a

pension for life. You and your partner must fill in a declaration form, as we cannot pay a partner's pension without one. Ask for the booklet 'Pensions for Partners', which contains the declaration form and more information about eligibility for a partner's pension. This pension will be based on  $\frac{3}{8}$  of your pension before commuting any of it into lump sum.

### Benefits for your children

We may pay a pension to any **eligible child**.

The pension is:

- 30% of your pension if we pay a pension after your death to your surviving husband, wife or civil partner; or
- 50% of your pension if we are not paying any other pensions after your death.

If you leave more than two **eligible children**, each child's pension will be an equal share of the total amount that we would pay for two children.



## Re-employment

If you are re-employed in the Civil Service (or any organisation covered by the Civil Service pension arrangements) immediately, or at a later date, the Civil Service pension arrangements can affect you in a number of ways (for example, if your pension is in payment, it may be reduced).

You should ask your employer about this when you are re-employed.

## State pension

When you reach **State pension age**, the State basic pension becomes payable if you have paid enough National Insurance contributions.

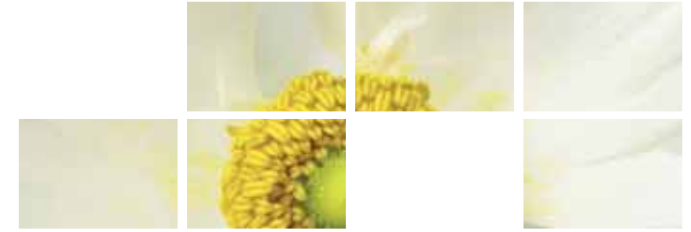
You should contact your local Social Security office for more information.

### Changes at State pension age

Also, when you reach **State pension age**, the part of the pensions increase which relates to your **guaranteed minimum pension** is paid with your State pension rather than with your Civil Service pension.

### The Civil Service Additional Voluntary Contribution Scheme (CSAVCS)

If you have contributed to the CSAVCS, we will write to you separately about those contributions.



## Disagreements and complaints procedures

If you have a complaint about your **premium** pension which you have been unable to sort out with your pensions administrator, you can ask them for the booklet 'If you have a complaint about your pension'.

## Technical terms explained

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

**Eligible child** is your natural or adopted child and any other child who is receiving financial support at the time of your death. A pension will only be paid if they are under 18 or in full-time education or training. Any child pension will stop when the child ceases full-time education or training, or their 23rd birthday, whichever comes first, unless they are unable to work due to disability.

**Final pensionable earnings** are the pensionable earnings used to calculate your benefits when you leave.



**Guaranteed minimum pension** is a pension that is at least the same level as the pension you would have had if you had stayed in the State Earnings-Related Pension (SERPS) for service before 1997.

**Partnership pension account** is a defined contribution (money purchase) stakeholder pension available only to entrants joining on or after 1 October 2002.

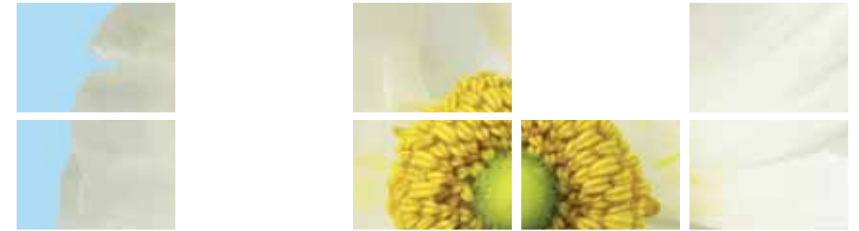
**Personal representatives** are the people who have the power to dispose of a deceased scheme member's estate.

**premium** is a defined benefit occupational pension scheme based on final salary. It was available to staff from October 2002 to July 2007 and is now closed to new entrants.

**Qualifying service** is the service that determines whether you are eligible for pension benefits. A week's full or part-time service both count as one week's **qualifying service**.

**Reckonable service** is the service that counts towards a pension. Part-time service counts on the basis of the hours worked.

**State pension age** is the age at which you can receive your State pension. It is currently 65 for men and 60 for women. For women, it will increase to 65 over the years 2010 to 2020.



### How do I find out more

If you have any questions about the payment of benefits, please contact:

**Capita Hartshead,**  
**PO Box 215, Mowden Hall,**  
**Darlington, Co Durham**  
**DL3 9GT**  
**Tel: 0870 1699700**  
**Fax: 0870 1699720**  
**E-mail:**  
[csp.enquiries@capita.co.uk](mailto:csp.enquiries@capita.co.uk)

You can obtain more information about the Civil Service pension arrangements from the website:  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)