

Thinking about retirement

A brief guide



Introduction

This booklet covers the classic, classic plus, premium and nuvos pension schemes. If you are a member of the partnership pension arrangements you will need to contact your provider for further information.

The booklet tells you how to claim your Civil Service pension and gives a brief overview of the things that you may need to consider before you retire.

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 explained section at the end of this booklet.

Note: this booklet is a guide to retirement. 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 apply.



When can I claim my benefits?

You can claim your full pension benefits if you retire when you reach **pension age**, which is usually 60 for **classic**, **classic plus** and **premium** members and 65 for **nuvos** members. If you leave the Civil Service after reaching age 50 (55 if you joined after 1/4/06) but before **pension age** you can claim your benefits early. However, normally you will receive lower benefits if you do so.

Under certain circumstances there may be an option for you to draw all or part of your pension while remaining in service. The booklet '**Partial retirement**' will give you more information on this.

How much pension do I get?

During your Civil Service career you should have received an annual benefit statement showing what benefits you might expect when you retire. If you haven't received a benefit statement in the last 12 months please contact your **pensions administrator** and ask them for a statement.

Your HR unit will be able to tell you who your **pensions administrator** is.

Your pension benefits are made up of an annual pension and possibly a tax-free lump sum payment. If you are in **classic** or **classic plus**, you will receive a lump sum automatically. Whatever scheme you are in, you will have the option of exchanging some of your pension for a lump sum. If you have bought any **added pension** or **added years** this will be paid with your pension when you retire. You will get your pension paid for life.

When you draw your pension and any lump sum they will be tested against your **lifetime allowance (LTA)**. If you have pension benefits which are valued at more than the **LTA** at the time you take them you will have to pay **LTA** tax on the excess over the **LTA**. The Government has set the **LTA** at a level which means that it is likely to affect only a very small number of people. For further information see the booklet 'Your pension and tax'.

Pensions for your dependants

On your death, under **classic**, your widow, widower or **civil partner** may receive a pension. **classic plus**, **premium** and **nuvos** may pay a pension to a widow, widower, **civil partner** or unmarried partner. (By 'unmarried partner' we mean a partner who you have nominated who meets the eligibility criteria). The amount of pension your widow, widower, **civil partner** or partner will get will depend on your circumstances. The relevant individual scheme booklets listed at the end of this booklet go into this in more detail.

Refund of contributions for husband, wife or civil partner's pension

If you are in **classic** or **classic plus** you may receive a refund of some of the contributions you have paid if you have been unmarried or not in a **civil partnership**. The relevant individual scheme booklets explain this in more detail. In all circumstances the scheme will keep a small amount of your contributions in case you should marry or form a **civil partnership** in retirement.

Your retirement lump sum will include any refund due to you. There are no refunds payable under **premium** or **nuvos**.



What do I have to do to claim my pension?

You should discuss your plans with your HR unit so they know your leaving date. We normally recommend that you give them at least three months' notice.

Your employer will let the **pensions administrator** know the date you intend to retire.

Your **pensions administrator** will send you a Personal Details Form (PDF) which you should use to check the details they hold about you, and to tell them which bank or building society account you want your pension benefits paid into. You will also need to give them information about any other pension arrangements. These should include any benefits that you have already taken or are about to take. This does not include your State Pension. Your **pensions administrator** will check these figures to ensure that they fall within your **LTA**. If your benefits exceed your **LTA** your **pensions administrator** will deduct **LTA** tax.

You must let your **pensions administrator** have all the information they ask for. If not they may deduct tax from any pension or lump sum, even if you have not used up all your **LTA**.

How do I get my pension?

The **pensions payroll provider** pays Civil Service pensions. They will pay your pension into the bank or building society you have specified on the PDF. The **pensions payroll provider** will pay this monthly in arrears and tell you on which day of the month to expect it. They will pay your lump sum, if you have one, as soon as possible, after your last day of service.

What else do I need to think about?

Death Benefit Nomination forms

It is important before you retire that you check your death benefit nomination form to ensure that it reflects your wishes. If you have not completed a form or wish to change it, please contact your **pensions administrator** immediately. You may make or change a nomination at any time, including after you retire. If you do not nominate a beneficiary, your death benefit will automatically go to your estate. If you wish to change your nomination form after you retire, you should contact the **pensions payroll provider**.

nuvos, premium and **classic plus** members can also nominate their partner for a pension. You will find further information in the booklet 'Pensions for partners.

State Pension forecast

Your annual benefit statement will normally include your State Pension forecast. But you can ask the Department for Work and Pensions (DWP) for a State Pension forecast. This will tell you, in today's money values, the amount you can expect to receive at State Pension age (currently 60 for women and 65 for men, but from 2010 there will be a transitional stage to bring women up to State Pension age of 65 by 2020. The State Pension age will gradually increase between 2024 and 2046, to 68 for both men and women). Your State Pension is based on your National Insurance contributions. You can get a State Pension forecast at any time if you are living in the UK. You can apply in the following ways:

- Use the online service at www.thepensionservice.gov.uk and download and complete the form BR19.

- Write to the:
State Pension Forecasting Team,
Pensions Service, Room TB001,
Tyneview Park, Whitley Road,
Newcastle-upon-Tyne NE98 1BA.
- Request a forecast by phone
from the State Pension Forecasting
team on 0845 3000 168.

Leave yourself plenty of time to apply for a forecast. It may take the DWP up to 40 days from receiving your application form to prepare your forecast.

If you want to know more about your State Pension, DWP has a website at www.thepensionservice.gov.uk.

Pensions Credit

You may be entitled to Pensions Credit. You could top up your income to a guaranteed minimum level. To find out more, ring Freephone 0800 99 1234, or visit the Pensions Credit website at www.thepensionservice.gov.uk



Things that could affect your pension after you retire

Guaranteed Minimum Pension (GMP) and annual pension increases

The Civil Service pension scheme is contracted out of the State Second Pension (S2P), which was previously known as State Earnings Related Pension Scheme (SERPS). If you have **reckonable service** before 6 April 1997 you will have built up rights to a **GMP** which must be paid as part of your Civil Service pension. We will pay you a pension which is guaranteed to be at least as much as the **GMP** pension you have built up.

The **pensions payroll provider** will increase your pension payments annually in line with the **Retail Price Index (RPI)**. They will write to you about this each year. Some of the annual increase relates to the part of your Civil Service pension that is comparable to the **GMP**.

DWP will pay most of the increase on your **GMP** when you start to receive your basic State Pension. This means you will receive those increases with your State Pension and not your Civil Service pension.

National Insurance Modification

The Civil Service pension scheme provides for pensions to be reduced from State Pension age to take account of the basic State Pension. If your reckonable service includes a period of time before 1 April 1980, the pensions **payroll provider** will reduce your Civil Service pension once you start to claim your State Pension. This reduction is known as National Insurance Modification. This reduced pension is then increased in line with inflation from your last day of service. The reductions made for National Insurance Modification are less than £2 a year for each year of your service up to 1980.

During retirement

The **pensions payroll provider** will send you an annual newsletter along with a Certificate of Pay & Income Tax (P60) and advice of payment. This will tell you your pension increase for the year and when you will get it. It will also keep you up to date on the latest pension news.

What happens if I'm re-employed after drawing my pension

If you have any Civil Service pension in payment and are re-employed by a Civil Service pensions employer, your pension may be abated (reduced), unless you are over 75. If you are considering re-employment after drawing your pension you should contact your **pensions administrator** (or **pensions payroll provider** once you are retired) for further information on the impact on your pension.

Scheme booklets

The following give more details about retirement and associated issues:

classic plus retirement benefits;

classic retirement benefits;

premium retirement benefits;

nuvos retirement benefits

The Civil Service Additional Voluntary Contribution Scheme.

Your pension and tax

Partial retirement (this booklet is not yet published)

What is abatement?

You will find all these booklets on the Civil Service pensions website or you can contact your pensions administrator for copies

Further information

When your **pensions administrator** sends you the PDF they will also enclose up-to-date general information on retirement, welfare, benefit payment procedures and taxation. They will contact you regarding any **Civil Service Additional Voluntary Contribution (CSAVC)** you have made.

You will need to contact your provider if you have any other pensions.

Your employer will let you know about any pre-retirement seminars and where you can get further information. They will be able to give you the **pensions administrator** helpline number. Alternatively you can find it, and other information about pensions, on our website at www.civilservice-pensions.gov.uk

Technical terms explained

Added pension is a way of increasing your pension either by paying a lump sum once a year, or by monthly contributions.

Added years is a way for active members of **classic**, **classic plus** and **premium**, and their employers, to boost pension benefits by buying added years of service, either with a lump sum on joining, or by periodic contributions during service.

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

Civil Service Additional Voluntary Contributions (CSAVC) Scheme is a money purchase arrangement for Civil Service pension scheme members to provide an additional pension, where contributions are paid to one of a panel of approved pension providers for investment in a fund or selection of funds. The accumulated investment fund is used to buy an annuity - a pension for life. Members can choose to take up to 25% of their fund as a tax free lump sum subject to the **LTA**.

classic is a defined benefit occupational pension scheme based on final salary. It was open to civil servants from 1972 to 2002 and is now closed to new entrants. The name **classic** came into effect in October 2002.

classic plus A defined benefit occupational pension scheme based on final salary. It was available from 1 October 2002 for staff in post on 30 September 2002 and is now closed to new entrants.

Lifetime Allowance (LTA) A limit on the total value of all pension benefits (except the state pension) that can be taken without paying additional tax. The value of benefits is assessed at the time that the pension is taken. It does not limit the total amount of pension benefits that an individual can be paid in their lifetime.

nuvos is a defined benefit occupational pension scheme based on salary in each year of service.

Partial retirement is the option to draw all or part of your pension while remaining in the Civil Service.

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 60 for most **classic**, **classic plus** and **premium** members and 65 for most **nuvos** members.

Pensions administrator holds your pension records and administers your pension on your employer's behalf, including working out and arranging pension payments.

Pensions payroll provider supplies pensions payroll, banking and associated services under contract to the Cabinet Office. It pays pensions and other benefits authorised by pensions administrators in accordance with the Civil Service pension and compensation arrangements.

premium is a defined benefit occupational pension scheme based on final salary. It was available from 1 October 2002 until 29 July 2007 and is now closed to new entrants.

Reckonable service is the service that counts towards a pension if

you are in **classic**, **classic plus** or **premium**. Part-time service counts on the basis of hours worked.

Retail Price Index The official index of increases in retail prices.



www.civilservice-pensions.gov.uk

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