



Joint Superannuation Services: Providing the Research Councils' Pension Scheme since 1994

## ALLOCATION OF PENSION

### **A guide for members of Classic, Classic Plus, Premium and Nuvos**

The purpose of this guide is to give employees who work for an organisation that is covered by the Research Councils' Pension Scheme (RCPS) arrangements a basic understanding of what allocation is, and how it is applied.

It does not cover every aspect on how allocation is worked out. 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. In the event of any difference, the rules will apply.

### **What is the cost of allocation?**

The cost of making an allocation is calculated according to the appropriate table drawn up by the Scheme Actuary and in force at the time the allocation is made. The amount of pension payable to a beneficiary will be determined by the age and sex of both the member and beneficiary and by the amount of pension allocated. Tables showing the amount of pension payable to your beneficiary per £1 of your pension surrendered can be obtained from JSS upon request.

### **Example based upon the tables**

A member retiring at age 60 with a pension of £2,000 per annum decides to allocate £500 per annum of his pension in favour of his wife, who is aged 55 on the day he retires.

He would have a pension of £1,500 per annum for the remainder of his life, and upon his death his wife would have a pension of £1,632.50 per annum.

These pensions would all attract pensions increase, but see paragraph on Pensions Increase below.

The amount shown in the above example would be payable in addition to the normal spouses' benefits.

### **What are the conditions regarding allocation?**

- i) The annual amount of pension you allocate must be an exact number of pounds and may not exceed one third of your pension, nor may you make an allocation that would produce an additional pension for your beneficiary upon your death which is greater than your own gross pension after allocation. In addition you may not allocate an amount that would reduce your pension below the level of your state GMP (Guaranteed Minimum Pension).
- (ii) Once you have made an allocation and it has been put into payment, you cannot cancel or amend it. Divorce, dissolution of a civil partnership or remarriage has no effect upon allocation, and you may not transfer entitlement to a new spouse or civil partner.

(iii) Allocated pensions are quite separate from and in addition to the normal pensions for spouses, civil partners, dependent children and invalidity pensions for permanently incapacitated children.

(iv) The part of your pension surrendered on allocation can never be restored, even if your beneficiary dies first.

### **How can I apply to allocate?**

You should contact JSS. Before your application is accepted you must provide evidence that you are in good health for your age. We will refer you to the scheme's Medical Advisor and you may be required to have a medical examination (they will charge you for this service), and we may also ask for details of your beneficiary.

Once your application has been accepted, any proposal to amend or withdraw it must be submitted to us before the allocated pension comes into payment. If you or your beneficiary dies during this time we will cancel the application. However, once the allocated pension is in payment no changes can be made.

### **What if I am re-employed?**

If you are re-employed, all or part of your pension is usually suspended or abated whilst you are receiving a salary. For abatement purposes you are treated as if your full pension (before allocation) is in payment. So if you are re-employed full-time in the same or a higher grade, your reduced pension will be fully suspended and the amount allocated will be deducted from your pay. For part-time re-employment, you may still be entitled to your reduced pension but if your pension is less than the amount allocated, no pension will be paid and the difference between the two amounts will be deducted from your pay. Any deduction from your pay due to the above will be ignored should your benefits be revised at final retirement.

### **What pensions increase will I receive?**

This is only payable on pensions actually in payment; any part of your pension surrendered for allocation will not qualify. The part of the pension allocated in favour of your beneficiary will attract increases but the increases are only payable when the beneficiary reaches 55 years of age.

### **How will any supplementary lump sum be calculated if I die soon after retirement?**

In order to determine whether a Supplementary Lump Sum payment is due on death, the calculation is based upon the full pension as if no allocation has been made.

#### **Other information**

You can obtain more information about the pension arrangements from the JSS website:

<http://jsspensions.nerc.ac.uk/default.asp>