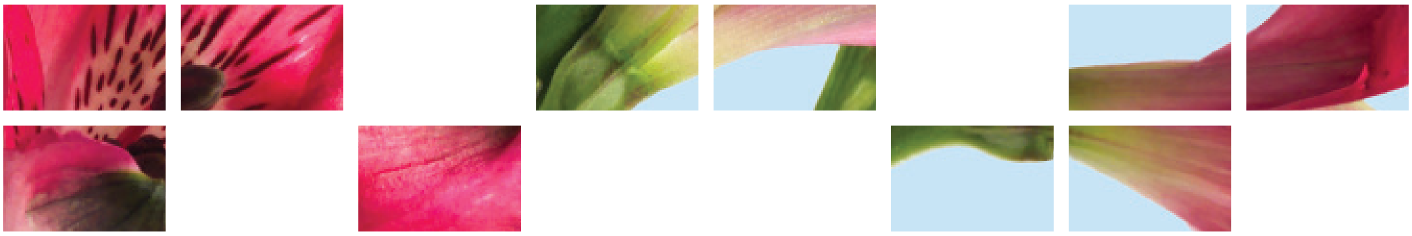
Civil Service Pensions

Your **classic** pension benefits explained

A guide to available benefits



Contents

Important note

Where we use technical terms, we show them in bold and explain them in the Technical terms section.

The booklet does not cover every aspect of the classic pension scheme. The full details are contained only in the rules, which are the legal basis of the scheme. Nothing in this booklet can override the rules and, in the event of any difference, the rules will apply. You should bear in mind that the booklet is based on the rules in force at the time of publication; your pension and associated benefits will be worked out using rules that are relevant to your period of service..

Introduction

This is your guide to the range of benefits to which you may be entitled as a member of **classic**. **classic** is one of the pension schemes in the Civil Service pension (CSP) arrangements. The arrangements cover all civil servants and certain groups of non-civil servants, subject to eligibility.

Overview of classic features

classic

- Is a **defined benefit** occupational pension scheme based on final salary. You will pay a percentage of your pensionable earnings, and your employer will also make their contribution. See the Civil Service Pensions website for current contribution rates.
- Has a scheme **pension age** of 60. (However, you do not have to retire at this age.)
- Lets you increase your pension by making additional payments (called added pension).
- Gives you an automatic lump sum and income that is increased in line with rises in the cost of living when you retire and benefits for your dependants in the event of your death.
- Offers you a range of flexibilities; for example, you can choose to take an additional lump sum from your pension benefits when you retire.
- Includes valuable life cover before you retire and it may provide protection if you suffer serious ill health.

Contracting out

On 6 April 2016, the Government introduced the new State Pension for people reaching State Pension age from that point onwards. This replaced the previous two-part state pension arrangements – Basic Pension and earnings related State Second Pension (S2P).

The classic scheme was 'contracted out' of S2P between 6 April 1978 and 5 April 2016, and as a result, members paid lower rates of National Insurance contributions and did not build up entitlement to the S2P element of the previous two-part state pension during this time.

When your new, State Pension is calculated at retirement age, it will take into account any period you were a member of a contracted out scheme.

From **6 April 2016** classic is no longer contracted out of S2P.

Membership

Eligibility

Up to 30 September 2002, the only pension offered to Civil Servants was the Principal Civil Service Pension Scheme (PCSPS). On 1 October 2002, Civil Service Pensions introduced a new pension scheme, and existing members of PCSPS were given the choice to stay in PCSPS - renamed **classic** - or join the new scheme, **premium**, or choose a hybrid of **classic** and **premium**, called **classic plus**.

From 1 October 2002, new entrants could not join **classic**. There are, however, two exceptions. These are:

- where someone who was in **classic** is re-employed by the same employer or by another employer who participates in the CSP arrangements, within 28 days of leaving their previous Civil Service employment
- where someone joins from a **by-analogy** employment within 28 days of leaving that employment and they were a member of the **classic** section of the **by-analogy** scheme. (They will only be allowed to join classic if they undertake a transfer of their **by-analogy** pension benefits.)

Part time work and temporary absences from work

Any type of part-time service counts on the basis of the actual hours you work and the equivalent full-time **pensionable earnings**. However, in the past there have been various restrictions on who can join the scheme depending on the number of hours worked. If you have had part-time service in the past, your **MyCSP Pension Service Centre** can tell you how these restrictions may apply to you.

Your pension may be affected if you have a temporary absence from work, depending on the type of absence. Your employer or **MyCSP** will be able to advise you.

Making a transfer

If you have pension benefits in the scheme of a previous employer, you may transfer them into **classic**. To do so, you must apply, in writing, to your **MyCSP** who will guide you through making the transfer. The transfer must be completed before you leave **pensionable service** in **classic**.

The **transfer value** will buy a credit of **reckonable service** in **classic**. You should note that the scheme may refuse the transfer if it does not cover the cost of your **guaranteed minimum pension**. Similarly, the scheme may refuse a transfer where the sending scheme does not meet certain requirements.

Please note that most **classic** members are no longer able to transfer in pension benefits under the **Public Sector Transfer Club** arrangements or from a non-occupational pension scheme because you must apply within 12 months of becoming eligible to join **classic**.

Opting out

You can opt out of **classic** at any time. However, we advise you to think very carefully about what you are giving up. Before you make a decision, please look at our 'Opting out' fact sheet on the

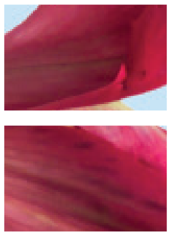
Civil Service Pension website:
www.civilservicepensionscheme.org.uk
You may also wish to consult an Independent Financial Advisor.

If you do decide to opt out, please contact **MyCSP** who will ask you to confirm your decision in writing. Your decision will take effect from the next convenient pay period.

There is more information in the 'Leaving early' section about what happens to the pension benefits you may have built up if you choose to opt out now.

The Pensions Act 2011 requires all employers to automatically enrol all workers who are not in a qualifying pension scheme periodically (usually every three years), from the employer's staging date. A copy of the factsheet on automatic enrolment can be found on the Civil Service pensions website.





Paying for your benefits

Your contributions

Your pension, together with your pay, forms part of your total benefits package. You must contribute a percentage of your pay towards the cost of providing benefits for your widow, widower or surviving civil partner after your death (the Widow(er)s' Pension Scheme – WPS). In addition you will pay a percentage of your **pensionable earnings**, towards your personal benefits and your employer will also make a contribution. See the Civil Service Pensions website for current contribution rates. Your employer takes your contributions from your pay before working out the tax, so you will automatically receive income tax relief, subject to the **Annual Allowance**.

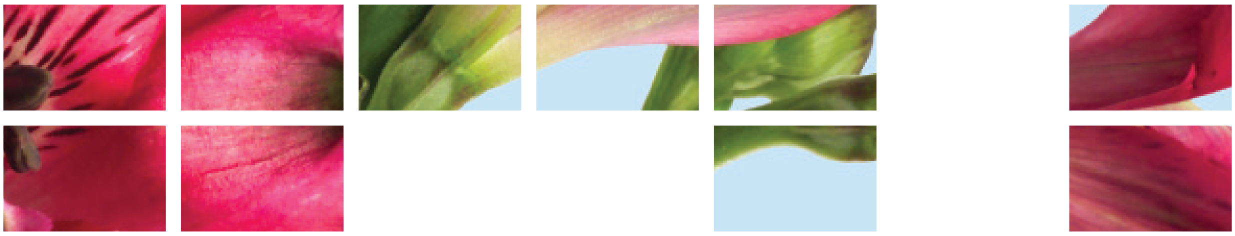
Your contributions are mandatory and apply to all members regardless of marital status. It is not possible to opt out of this arrangement unless you opt out of the scheme entirely. However, if you are single when you retire, you may be entitled to a partial refund of WPS contributions. Appendix A gives more information about WPS refunds.

Please note that from 1 April 2012, you will only receive a refund of the 1.5% WPS contributions paid. You will not receive a refund of the additional contributions above 1.5% paid from that date. If you complete 45 years' service, you will continue to pay the WPS contribution but you will not have to pay the contributions above the 1.5% WPS contributions introduced from 1 April 2012.

The current contribution rates can be found on the Civil Service pensions web site.

Your employer's contributions

Your employer makes significant contributions to your pension. If you want to know how much, your employer will be able to tell you.



Boosting your pension

You have a range of options to buy more pension:

Added pension

Added pension is a fixed amount of additional pension that you can buy. It is increased in line with rises in the cost of living every year both before and after it comes into payment. Added pension will provide the same sort of benefits as your main classic pension – so, for example, it will include an automatic lump sum of 3 times your pension. Our website has an added pension calculator which will give you an idea of the cost of buying added pension.
Visit **www.civilservicepensionscheme.org.uk**

Civil Service Additional Voluntary Contributions Scheme (CSAVCS)

You can pay additional voluntary contributions to the CSAVCS. We have appointed two AVC providers – Scottish Widows and Standard Life – who both offer a range of investment options. We have negotiated competitive charges with these providers. You choose which provider you want to invest your additional voluntary contributions and the fund or funds to invest in. You can pay up to 100% of your pensionable earnings or £3,600 (if higher) and receive tax relief on your contributions, subject to the Annual allowance.

You can take your AVC pension at any time from age 55 (or 50 if you had a CSAVCS account before 6 April 2006) until the day before your 75th birthday. You can take up to 25% of your fund as a tax-free lump sum subject to the **Lifetime allowance**. You do not have to take your additional voluntary contributions at the same time as your Civil Service pension as long as it is before your 75th birthday.

Stakeholder pensions

You may, if you wish, contribute to a stakeholder pension. You can choose our designated provider, Standard Life, or any other provider. Stakeholder pensions work in a similar way to **AVCs**, except you can take your pension whenever you like between the ages of 50 (55 from 2010) and 75. You can take up to 25% of your fund as a taxfree lump sum when you retire, subject to the **Lifetime Allowance**.

You can pay up to 100% of your **pensionable earnings** or £3,600, whichever is the higher (subject to the **Annual allowance**).

If you take out a policy with Standard Life, you may choose to pay your contributions through your salary. If you make your own arrangements you will need to set up your own payments by direct debit.

You must consider your financial position carefully before entering into any pension arrangements.

Added years

It was possible, up to 29 February 2008, to buy added years of service. If you have an existing added years contract and want to know more about it, please contact **MyCSP**.

Leaving early

Leaving or opting out – what happens to your pension benefits?

If you leave voluntarily or opt out of **classic** before you retire and have at least two years' **qualifying service**, you will have the choice to:

- transfer the value of your **classic** pension benefits to another pension scheme, or
- **preserve** the benefits you have built up within **classic** for payment at **pension age**.

Transferring your classic pension rights

You can ask for a transfer payment to be made to your new employer's pension scheme or to an appropriate personal pension. The transfer payment will be equal to the cash value of your benefits.

You will need to consider the following issues before making a transfer::

- there may be a time limit in the receiving scheme's rules (for example, if it is a member of the **Public Sector Transfer Club**, the time limit is 12 months from the date the member first became eligible to join the new employer's pension scheme)
- the **transfer value** may not necessarily buy the same length of service in the new scheme – you should receive an estimate from the new scheme of how much your **classic** benefits will buy before you make your decision
- the range and type of benefits offered may be different and perhaps less appropriate for your needs
- you must apply for the transfer before we start paying your pension benefits.

Preserved benefits within classic

If you do not transfer your benefits out of **classic** and you are entitled to **preserve** them, your benefits will normally be paid to you at the scheme **pension age**. You can, however, take your **preserved benefits** before scheme **pension age** if:

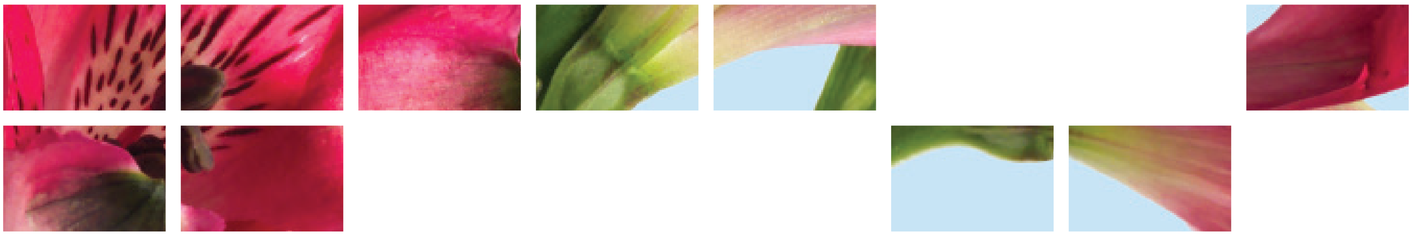
- you are age 50 **(55 in some cases)** or over and you apply for immediate payment of your **preserved benefits** on an actuarially reduced basis
- you suffer from poor health and would have been eligible for medical retirement had you still been working
- you are age 50 **(55 in some cases)** or over and cannot work due to compelling personal reasons and you also do not have enough money to live on.

Actuarially-reduced early retirement

Most **classic** members who are aged 50 **(55 in some cases)** or over can choose to retire and take their pension early on an actuarially-reduced basis.

The only restrictions are that:

- you must have two years' **qualifying service** or have transferred pension rights into **classic** from a personal pension; and
- you cannot have an actuarially–reduced pension if it would be less than the amount needed to pay your **guaranteed minimum pension** at **State pension age**.



We work out your pension and lump sum in the same way as if you were to retire on or after **pension age** but reduce payments, permanently, by around 5% for each year before **pension age** to reflect that your pension will be paid for longer. This means that if you were to choose to retire at age 55, your pension will be about three quarters of the amount you would have received if you had waited until age 60.

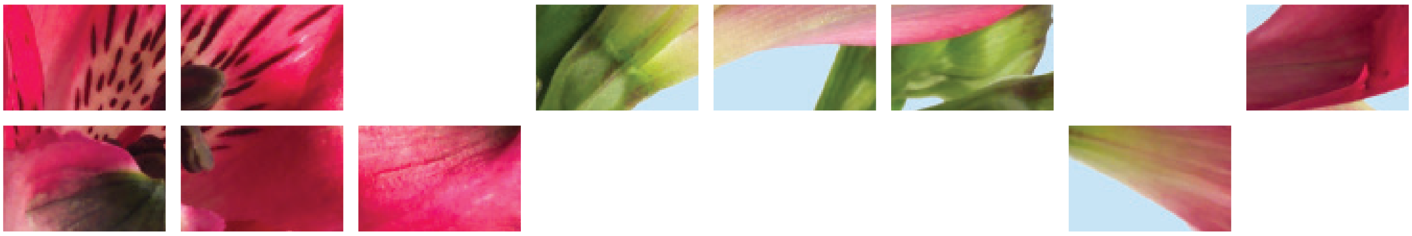
Redundancy and early retirement

The CSP arrangements provide compensation under the Civil Service Compensation Scheme for civil servants who leave early because of:

- voluntary exit
- voluntary redundancy
- compulsory redundancy

Ill health retirement

If the **classic** scheme medical adviser confirms that your ill health permanently prevents you from carrying out the duties of your grade, your employer may decide you can retire early and take your pension and lump sum immediately.



Retiring on or after scheme pension age

Partial retirement

Partial retirement allows you, with the agreement of your employer, to draw some or all of your classic pension and remain in work. There are certain conditions which you need to be aware of before you apply for partial retirement. See the booklet ‘Partial Retirement’ which you can find on the Civil Service website:
www.civilservicepensionscheme.org.uk
or ask **MyCSP** to send you a copy.

Preparing to fully retire

When you decide to retire, it will help if you agree your last day of service with your employer as far in advance as you can. Your employer will tell **MyCSP** who will send you an estimate of your pension benefits, plus a Personal Details Form – this is your pension claim form. You should check the details, complete and sign the form, and return it as quickly as possible.

Providing benefits for someone else (allocation)

When you take your pension, you have the option to give up part of your pension to provide benefits for another person. This is known as ‘allocation’ of pension. You may choose to add to the benefits you have already provided for your husband, wife or civil partner, or to provide for another person who is dependent on you.

You need to remember a number of points about allocating part of your pension:

- you must be eligible
- you give up part of your pension permanently
- you can only allocate at final retirement; it is not possible to allocate when you take partial retirement
- you must make your allocation decision before we start to pay your final pension
- you cannot change or cancel the allocation, even if the person who would have received the benefits dies first
- the pension you allocate is payable for life and is not affected if you get married again or enter into a civil partnership.

If you are interested in allocating your pension, you must contact your **MyCSP**. They will tell you how allocation will affect your pension.

Getting your pension

The **pension payroll provider** pays pensions to Civil Service pensioners and to civil servants’ dependants, where appropriate.

You will receive an annual pension and a one-off lump sum. The **pension payroll provider** will pay your lump sum direct to either your bank or building society account, as you indicated on your Personal Details Form.

They have to treat your pension as earned income for tax purposes and will therefore take off any tax that is due before they pay your pension.

We work out your pension using your **pensionable earnings** and length of **reckonable service**.

You should be aware that there is a maximum number of **reckonable service** years we can use, and that is 45.

Before 1 March 2008, the number of years was restricted to 40 before the age of 60 but you could build up a further five years **reckonable service** for any service from the age of 60 onwards. However, from 1 March 2008, anyone who had already reached their 40 years' service could start to build up another 5 years service, regardless of their age at that time.

So, we work out your pension as follows:

(**pensionable earnings** x **reckonable service**) / 80.

We work out your lump sum (which, in most cases, is tax free) as follows:

3 x your annual pension

Example:

Your **pensionable earnings** are £20,000, and your **reckonable service** is 30 years.

Pension = (£20,000 x 30) / 80 = £7,500 a year or £625 a month before deductions.

Lump sum =
£7,500 (pension) x 3 = £22,500

Important note

Please note that we will reduce the lump sum should we need to recover any scheme contributions that you owed.

Choices on retirement

When you take your pension you may choose to give up all or part of your lump sum in return for an increase in either your own pension, or in your own pension and your widow's, widowers' or surviving partner's pension. **MyCSP** can give you more information. If you decide to exchange all or part of your lump sum, you must make your decision before your last day of service. If you left service early with **preserved benefits**, you must make your decision before your pension comes into payment. Once we start paying your benefits, you cannot change them.

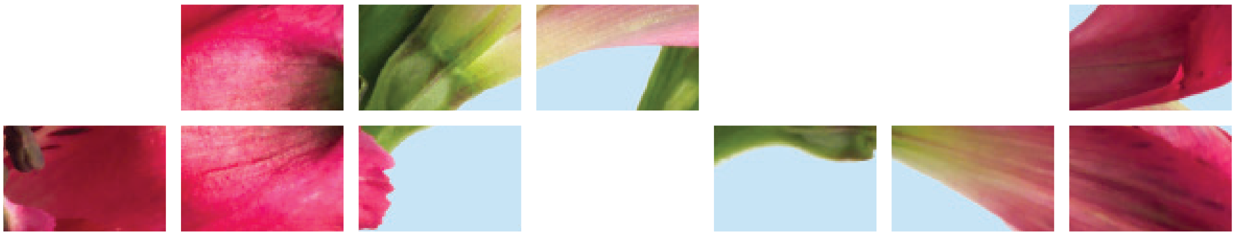
Additional lump sum

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 a maximum of 33/14 times your initial pension, but you must give up £1 of annual pension for each £12 of lump sum you take.

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 (or you can ask **MyCSP** to do this for you if you do not have access to the calculator).

Reducing your annual pension in this way generally has no impact on your 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 restrict the total of any dependants' pensions payable to a maximum of the amount of your pension at the date of your death. If you take a higher lump sum, your dependants' pensions may reduce if you die after reaching 75 and leave two or more children under age 18 (or under



age 23 if they are in full-time education).

If you are single and eligible for a partial refund of WPS contributions on full retirement, you will have less scope to give up pension for an additional lump sum. This is because the total of any WPS refund plus any additional lump sum you choose to take cannot exceed the maximum permitted lump sum. Please note that from 1 April 2012, you will only receive a refund of the 1.5% WPS contributions paid. You will not receive a refund of the additional contributions above 1.5% paid from that date. See Appendix A for more information about WPS refunds.

Pensions increase

Pensions in payment increase every year in line with the cost of living. All pensioners aged 55 or over get these increases. Preserved benefits are also increased to maintain their value up to the date they become payable.

You will also receive the cost-of-living increases if you are aged under 55 and if:

- you retired because of ill health; or if
- the pension is paid to a widow, widower or surviving civil partner; or if
- the pension is paid for a child.

Example:

You retire in mid-October with an annual pension of £7,500.

The following April, the cost-of-living increase is 3.5%.

As you retired exactly halfway through the relevant 12-month period, the pension is increased proportionately (that is, by one half of the total increase – 1.75%).

During the second year, the cost of living increase is 4.2%. Your annual pension becomes £7,631.25 after six months and £7,951.76 a year later.

Changes at State pension age

When you reach **State pension age**, the pensions increase relating to your **guaranteed minimum pension** is paid with your State pension.

Also at **State pension age**, National Insurance modification will take effect for people with service before 1 April 1980.

Ask **MyCSP** for more details about paying pensions increases after the **State pension age** and National Insurance modification.

Death benefits

classic provides death benefits in the form of a lump sum and dependant pensions.

Lump sums

A death benefit lump sum is payable when you die depending on whether you:

- were still working for an employer who participates in the CSP arrangements;
- had retired; or
- had left with **preserved benefits** but have not yet reached scheme **pension age** 60.

This lump sum is separate to the automatic lump sum that you get on taking your pension.

Nominating someone to receive benefits

You can nominate any person, including a child, and / or an organisation to receive the death benefit lump sum. The advantage of making a nomination is that we can then pay the benefit without delay.

If you do not nominate anyone, we will pay the lump sum to your personal representative.

You must complete a Death benefit nomination form to make your nominations. You can download the form from our website: **www.civilservicepensionscheme.org.uk** or get it from **MyCSP**. Please make sure that you keep it up to date and that you send **MyCSP** a new nomination if your wishes or circumstances change.

The nomination will remain valid unless you change or cancel it, or if the person you nominated dies. The one exception to this is when you nominate your husband, wife or civil partner and the marriage/civil partnership comes to an end, through divorce/dissolution (but not separation). The nomination is then no longer valid and you should make a new nomination.

If you separate from a partner to whom you are neither married nor in a civil partnership with and you had nominated them as a beneficiary, the nomination will remain valid. You will, however, be able to change the nomination or cancel it, if you wish.

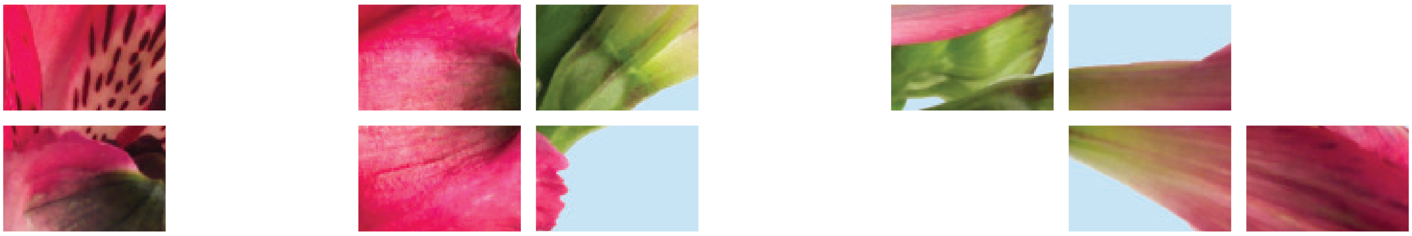
HM Revenue and Customs regulations do not take account of the death benefit lump sum when assessing liability for inheritance tax.

Important note

At the time of a divorce or dissolution, a court may order that when a scheme member or a previous member dies, all or part of the death benefit must be paid to the ex-husband, ex-wife or ex-civil partner. If this is the case, we will pay any balance to the person you nominated (nominee) or to your personal representative.

Death while still working

If you die while still working for an employer who participates in the CSP arrangements, the death benefit lump sum is normally equal to two years' **pensionable earnings**. If you are a re-employed pensioner or you have taken partial retirement, it may be reduced to take account of pension benefits you have already received. We will pay it to your nominee or to your personal representative.



Death after leaving or opting out of classic

The death benefit lump sum is equal to the preserved lump sum that would otherwise have been paid to you if you had taken your pension. We will pay it to your nominee or to your personal representative.

We will reduce this benefit should we need to recover any scheme contributions that you owed.

Example:

You leave with five years' **reckonable service**. You have **preserved benefits** of £1,250 a year in a pension and £3,750 as a lump sum. You die five years later, during which time the cost of living has risen by 4% a year. The death benefit lump sum will have risen to £4,562.

Death after you retire

We may pay a death benefit lump sum if you die within five years of retiring. We work it out as the difference (if any) between five times your annual pension on the date you died and the total pension and lump sum payments you have already received. We will pay it to your nominee or your personal representative.

Example:

Your annual pension is £7,500 and the lump sum is £22,500.

You die 11 months after retiring. We work out the lump sum in two parts. We work out the maximum benefit first and the benefits you have already received are taken from this.

Maximum benefit: 5 x £7,500 = £37,500

Less the benefits you have already received:

£6,875 (11 months' pension)

+22,500 = £29,375

Lump sum to pay:

£37,500 - £29,375 = £8,125

If, however, you choose to take a higher lump sum on retirement, it will impact on this death after retirement guarantee. The higher lump sum will reduce (or cancel out) any potential lump sum payment on death within 2 years of retirement.

Pensions for dependants

We pay pension benefits to your widow, widower or surviving civil partner and **dependant children** when you die depending on whether, at the date of your death, you were:

- a current member
- a retired member
- a deferred member with preserved benefits.

Pension benefits for your widow, widower or surviving civil partner

There are two types of pension that we may pay to your widow, widower or civil partner:

Short-term increase

We will pay a short-term increase to your widow, widower or surviving civil partner for the first 91 days after your death if you die in service or in retirement. It is equal to:

- your pensionable earnings, for death in service
- your annual pension, for death after retirement.

The short-term increase is to help during the

especially difficult period immediately after you die and is generally payable for 91 days (although we will extend this period if you leave dependant children).

After the short-term increase ends, it is replaced by a continuing pension.

Continuing pension

This is a proportion of:

- the enhanced pension that would have been paid if you had been retired due to ill health (if you die in service with two or more years' **qualifying service**)
- your actual pension (if you die after retirement) or
- your **preserved benefits** (if you die as a previous member with **preserved benefits**).

Level of pension

The level of the continuing pension will depend on the contributions you have paid. If you joined **classic** after 1 June 1972 (men) or 1 July 1987 (women), the continuing pension for your widow or widower is one half of your pension. If you die leaving a surviving civil partner, their continuing pension will be based on your service from 6 April 1988 only.

If you are a man and were in post before 1 June 1972, your service before that date will normally provide a widow's pension of 1/3rd of your pension. This is unless:

- in 1972 you chose to pay increased contributions to provide a one half pension
- you were in service on 14 July 1949 and opted not to provide a widow's pension.

If you are a woman and were in post before 1 June 1987, you were only able to provide a widower's pension if your husband was dependent on you. The contribution rate was the same as for men and the pension payable the same as for a widow.

Death in service

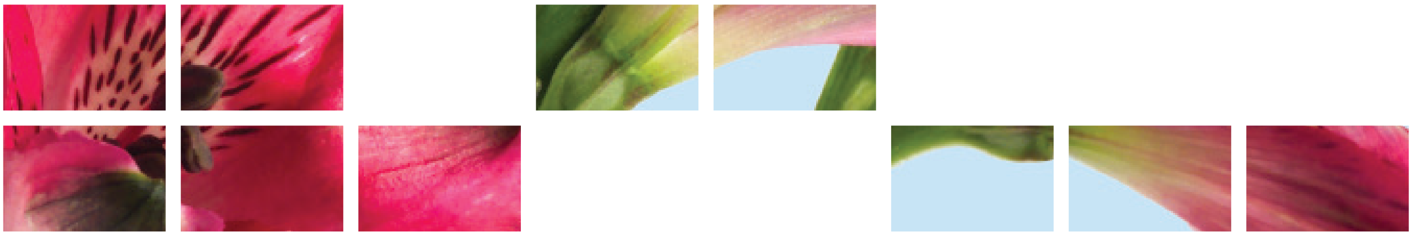
We will pay a short-term increase to your widow, widower or surviving civil partner that is equal to your pensionable earnings. It will last for 91 days, unless you leave any dependant children in the care of your husband, wife or civil partner. If you leave any children, the short-term pension can be extended to 182 days (six months). If you leave two or more children, it can be extended to nine months, but only if there is no widow, widower or surviving civil partner's pension payable.

After the short-term increase ends, it is replaced by a continuing pension. The continuing pension is normally equal to one half of the pension that you would have had if you had retired through ill health on the day you died (but it may be lower than this – see information under 'Level of pension').

Example:

You die at age 45 with **pensionable earnings** of £20,000 a year, having completed 11 years' **reckonable service**. You leave a husband, wife or civil partner and two children.

Short-term widow's, widower's or surviving civil partner's increase = £20,000 a year, (payable for six months)



Continuing widow's, widower's or surviving civil partner's pension = ½ x (£20,000 / 80) x 20 = £2,500 a year (payable after six months)

Child's pension (for each child) = ¼ x (20,000/80) x 20 = £1,250 a year (payable after six months)

The continuing widow's, widower's or surviving civil partner's pension and the child's pension include a service enhancement that increases the total **reckonable service** to 20 years.

Death after leaving but before getting your pension

We will pay continuing pension to your widow, widower or surviving civil partner if you have **preserved benefits** in **classic**. It is normally equal to one half of your preserved pension and will take account of the cost of living increases granted since you left the scheme. However, it may be lower than this because:

- you chose to contribute for lower benefits (see information under 'Level of pension' on page 16); or
- you married after you left the scheme, in which case the continuing pension is based on service from 6 April 1978 (men) or 6 April 1988 (women); or
- you have a civil partner, in which case the continuing pension is based on service from 6 April 1988 (men and women).

Also, we will pay children's pensions until the children are no longer eligible. To be eligible for children's pensions, the children must have been conceived or born before your employment with a Civil Service pension employer ends.

Your widow, widower or civil partner will not receive a short-term increase.

Example:
You were a member with preserved benefits of £1,250 a year and you die five years after leaving. During this time, the cost of living has risen by 4% a year. The preserved pension will have risen to £1,520 a year.

Continuing widow's, widower's or civil partner's pension = ½ x £1,520 = £760 a year (payable immediately).

Death after you retire

We will pay a short-term increase to your widow, widower or surviving civil partner that is equal to your pension at the time of your death. It will last for 91 days, unless you leave any dependant children in the care of your husband, wife or civil partner, in which case it is extended to six months.

After the short-term increase ends, it is replaced by a continuing pension for your widow, widower or surviving civil partner, and children's pensions (if payable).

The continuing pension is normally equal to one half of the pension that you received at the time of your death. It may be lower than this because:

- you chose to contribute for lower benefits (see information under 'Level of pension' on page 15) or
- you married after you retired, in which case the continuing pension is based on service from 6 April 1978 (men) or 6 April 1988 (women) or

- you have a civil partner, in which case the continuing pension is based on service from 6 April 1988 (men and women).

Example:

You die with an annual pension of £7,500, leaving a husband, wife or civil partner but no dependant children.

Short-term widow's, widower's or surviving civil partner's increase = £7,500 a year (payable for three months)

Continuing widow's, widower's or surviving civil partner's pension = ½ x £7,500 = £3,750 a year (payable after 91 days)

Effect of remarrying, entering a (new) civil partnership or living with someone as husband and wife or as civil partners

If your widow, widower or surviving civil partner remarries or enters a (new) civil partnership or lives with someone as husband and wife or as civil partner, the pension will either stop or reduce. It may be restored if:

- the second marriage, civil partnership or cohabitation has come to an end and your widow, widower or surviving civil partner is left financially worse off than he or she was at the end of the marriage/civil partnership that gave rise to the civil service pension, or
- there are exceptional compassionate reasons for restoring the pension.

Children's pensions

We work out children's pensions as a proportion of:

- the enhanced pension that you would have had if you had been retired due to ill health (if you die in service with two or more years' **qualifying service**)
- your actual pension (if you die after retirement)
- your **preserved benefits** (if you die as a previous member with **preserved benefits**).

Unlike the continuing pension for your widow, widower or surviving civil partner, children's pensions do not depend on a minimum length of your **qualifying service**.

Level of children's pensions

The level of the pension we will pay depends on the number of dependant children you leave and whether you leave them in the care of your widow, widower, surviving civil partner or in the care of another person. We will pay:

- 1/4 of your pension for each child in the care of your widow, widower or surviving civil partner
- 1/3 of your pension for each child in the care of another person.

Usually we will not pay more than half of your pension in total as children's pension although it is higher when a continuing pension for a widow, widower or surviving civil partner is not payable and/or when more than one child is in the care of another person.

If you leave more than two children who qualify for a pension we will reduce each child's pension so they each get an equal share.

We pay children's pensions for children up to age 17.

We also pay for children over 17 and under 23 while they are in full-time education or vocational training. In these cases, **MyCSP** will need to see a letter from the school, college or university where they are studying, confirming the start and end dates of the course.

On the advice of the **scheme medical adviser**, we will pay a life pension for any child who has a permanent physical or mental impairment.

Other information

Disagreements and complaints procedures

If you have a complaint about classic benefits or scheme administration, and you have not been able to sort it out with MyCSP, you can ask them for a written explanation of their decision under the Internal Dispute Resolution (IDR) procedures. If, after receiving their decision, you still feel that you have a valid complaint, you (or someone representing your interests, such as a friend or trade union) can appeal to the Cabinet Office. You must do so within six months of the date of the first stage decision.

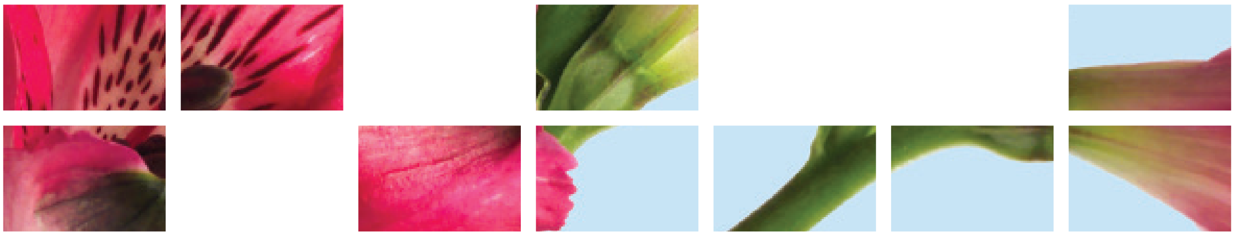
The Pensions Advisory Service (TPAS)

TPAS is a voluntary organisation which helps members and beneficiaries of occupational pension schemes with difficulties they may have with the trustees or administrators of their scheme.

You can contact TPAS at:

11 Belgrave Road
LONDON
SW1V 1RB

www.tpas.org.uk



Pensions Ombudsman

The Pensions Ombudsman (based at the same address as TPAS) has the power to investigate and make decisions about complaints or disagreements in relation to occupational pension schemes. He can investigate any complaint about the injustice as a result of poor administration or questions of fact and law. He will expect you to have used the IDR procedures before he will investigate any complaint himself.

There is a time limit for bringing a complaint before the Pensions Ombudsman. You can find details on: **www.pension-ombudsman.org.uk**

Loss of benefits

If you become bankrupt, your pension will be paid in line with the Bankruptcy Acts.

Pension Tracing Service

The Pension Tracing Service acts as a central tracing agency to help people keep track of their previous pension arrangements as they move jobs.

If you want to use their service,
please write to:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle Upon Tyne NE98 1BA

Website: **www.thepensionservice.gov.uk**

Re-employment if you are a pensioner

If you are re-employed by your previous employer, or another employer who participates in the CSP arrangements, we may reduce (**abate**) your **classic** pension.

You should also be aware that you will not be able to rejoin and continue to contribute to your **classic** pension. You may, however, be eligible to join another scheme.

Scheme amendments

classic was set up under the Superannuation Act 1972. **SME** may amend the scheme's provisions from time to time by laying an amendment scheme before Parliament. **SME** can only make changes after consultation with the Civil Service trade unions.

State benefits

The new State Pension was introduced on 6 April 2016, for people reaching State Pension age from that point onwards. It replaced the previous two-part state pension arrangements – Basic Pension and earnings related State Second Pension (S2P).

The classic scheme was 'contracted out' of S2P between 6 April 1978 and 5 April 2016, and as a result, members paid lower rates of National Insurance contributions and did not build up entitlement to the S2P element of the previous two-part state pension during this time.

When your new, State Pension is calculated at retirement age, it will take into account any period you were a member of a contracted out scheme.

From **6 April 2016** classic is no longer contracted out of S2P.

State pension and tax

To find out more about the State pension and S2P visit **www.thepensionservice.gov.uk**

For information about tax visit **hmrc.gov.uk**

The Pensions Regulator

This organisation is the statutory regulator for occupational pension schemes. Their task is to make sure that pension schemes operate legally. They also educate and inform and work with others to raise standards.

You can contact The Pensions Regulator by writing to them at:

The Pensions Regulator
Napier House
Trafalgar Place
BRIGHTON
BN1 4DW

Tel: 0870 6063636

Email:
customer.support@thepensionsregulator.gov.uk

Website: **www.thepensionsregulator.gov.uk**

Transferring your rights to benefits (assignment)

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlement from the scheme.

Finding out more

MyCSP

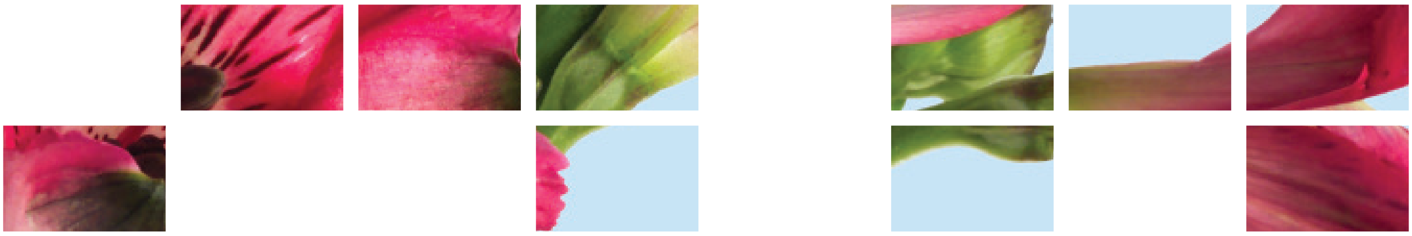
MyCSP holds your **classic** pension details on behalf of your employer and can, therefore, give you information which is specific to you. They do not have the authority to advise you on financial matters relating to pension decisions you may have to make.

Publications

We have a range of booklets and leaflets covering all aspects of the CSP arrangements and associated benefits, all of which appear on the Civil Service Pensions website (see below for address). Alternatively, you can ask **MyCSP** for hard copies.

Civil Service Pensions website

The Civil Service Pensions website holds information about the schemes. Visit **www.civilservicepensionscheme.org.uk**



Technical Terms

55 in some cases The earliest age at which most members can choose to take their pension benefits is from age 50. However, for a small group of members, the earliest age is 55. These members will have joined **classic** from a by-analogy organisation on or after 6 April 2006.

Annual allowance The Annual allowance is the amount by which the value of your pension savings can go up in any year before you have to pay tax at 40%. The level of allowance is set by HM Revenue & Customs.

AVC A money purchase arrangement into which you pay contributions to a pension provider for investment in a fund or selection of funds. The accumulated investment fund then buys you an annuity - a pension for life.

By-Analogy These are schemes that use the same rules as the Civil Service scheme.

Deferred member Someone who left **classic** and has **preserved benefits.**

Defined benefit A pension offering guaranteed benefits, worked out using a formula usually related to the members' pensionable earnings and/or length of service (including transferred in service).

Dependant children Children who are financially dependent on you and who are:

- under 17;
- receiving full-time education or training (up to age 23); or
- permanently incapacitated and unlikely to be able to earn a living.

Guaranteed minimum pension
Between 5 April 1997 and the 5 April 2016, one of the conditions of contracting out was that the Civil Service pension arrangements had to provide you with a pension which is at least as good as the pension you would have built up through State Earnings Related Pension Scheme (SERPS).

This is known as your guaranteed minimum pension (GMP). After your death, **classic** had to pay an amount equivalent to a widow's, widower's or surviving civil partner's GMP at the time your State pension would have been payable.

Between 6 April 1997 and the 5 April 2016, **classic** no longer had to provide a GMP to be contracted out. Instead, the scheme had to pass a test of scheme quality set out in the Pensions Act 1995. Every three years the **scheme actuary** had to confirm that **classic plus** had passed this test.

Lifetime allowance A limit on the total value of all pension benefits (except the State pension) that you can take without paying additional tax.

The value of benefits is assessed at the time that you take your pension. It does not limit the total amount of pension benefits that an individual can receive in their lifetime.

MyCSP See definition under 'Finding out more'.

Pension age This is the earliest age at which you can choose to receive immediate payment of your **classic** pension without reduction. (In most cases, this is 60.)

Pensionable earnings All earnings that could count towards your pension. They may include non-cash items, for example, uniforms or accommodation.

Pensionable service Same as reckonable service (see below).

Pension payroll provider The paying authority for Civil Service pensions. They pay pensions under contract to the Cabinet Office. You can find the contact details on our website, under 'Pensioners'.

Preserved benefits We will hold (preserve) the pension benefits you have built up if you leave the scheme before pension age and have decided not to transfer them to another pension scheme. (We will only do this is you have built up more than two years' qualifying service.)

Public Sector Transfer Club A group of defined benefit occupational pension schemes, mainly within the public sector. The Club assists easier movement of staff between its members by providing broadly equivalent benefits when they transfer.

Qualifying service The service that determines whether you are eligible for (preserved) pension benefits.

Reckonable service The service that counts towards a pension. Part-time service counts on the basis of the hours you have worked.

Scheme medical adviser Offers guidance to employers on medical issues relating to ill health retirement applications.

Scheme actuary An adviser on financial questions involving probabilities relating to mortality and other contingencies.

State Pension age The age at which you can receive your State pension.
www.gov.uk/state-pension-age

State second pension S2P The additional State pension on top of the basic State pension (previously known as the State Earnings-Related Pension - SERPS). The amount you get depends on your National Insurance contributions. Please note this ended on 5 April 2016.

Transfer value The value of accumulated pension rights within a pension scheme that may be used to transfer benefits from that scheme to another pension scheme.

Appendix A

Refund of widow(er)s' pension contributions

Men

Men who have been unmarried throughout their service are entitled to a refund of all their widows' pension contributions. From 1 April 2012, you will only receive a refund of the 1.5% WPS contributions paid. You will not receive a refund of the additional contributions above 1.5% paid from that date. If you have been married or in a civil partnership for only part of your service, you are entitled to a refund of the contributions you have paid since your marriage ended. Contributions are refunded as follows:

Contributions paid for service before 6 April 1978 (including any contributions paid as part of an added years option made before that date) will be refunded with interest and paid when you take your pension.

Contributions paid for service on or after 6 April 1978 (including any contributions paid as part of an added years option made on or after that date) will be refunded when you retire. They will be refunded with interest and the deduction of a single, non-returnable payment. That payment is to cover the cost to the scheme of providing a postretirement widow's pension if you marry or enter a civil partnership after leaving and die before your wife or civil partner. We will not ask you to repay the refund if you do marry or enter a civil partnership. The estimated amount of your refund and the current value of the post-retirement widow's pension are shown on your Estimate Statement.

Women

Women who have been unmarried throughout their service are entitled to a refund of all their widowers' pension contributions. From 1 April 2012, you will only receive a refund of the 1.5% WPS contributions paid. You will not receive a refund of the additional contributions above 1.5% paid from that date. If you have been married or in a civil partnership for only part of your service, you are entitled to a refund of the contributions you have paid since your marriage ended. Contributions are refunded as follows:

Contributions paid for service before 6 April 1988 (including any contributions paid as part of an added years option made before that date) will be refunded with interest and paid when you take your pension.

Contributions paid for service on or after 6 April 1988 (including any contributions paid as part of an added years option made on or after that date) will be refunded when you retire. They will be refunded with interest and the deduction of a single, non-returnable payment to cover the cost to the scheme of providing a post-retirement widower's pension if you marry or enter a civil partnership after age 60 and die before your husband or civil partner. We will not ask you to repay the refund if you do marry or enter a civil partnership. The estimated amount of your refund and the current value of the postretirement widower's pension is shown on your Estimate Statement.

Important note There may be circumstances in which we cannot pay your refund as a cash lump sum. If that is the case, **MyCSP** will convert some or all of it into exra pension and a smaller lump sum.

www.civilservice.gov.uk/pensions

This leaflet has been produced by MyCSP
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