

Classic plus retirement benefits

A brief guide to the benefits available



Contents

Who should read this booklet?	4
Pension age	5
Can I carry on working after I take my pension?	5
Do I have to take my pension when I reach pension age?	5
Working out your pension	6
How do you work out my pension?	6
Will I get a tax-free lump sum?	7
Can I give up part of my pension to someone else?	9
Am I entitled to a refund of my WPS contributions?	9
Will all my reckonable service count towards my pension?	9
How do you work out my pension if I have already taken pension under the partial retirement arrangements?	9
What about my State pension?	9
What about my CSAVCs?	9
Paying your pension	10
Why do I have to fill in the Personal Details Form?	10
Who pays my pension, and when?	10
When will I get my first payment?	10
Can I have my pension paid into any bank?	11
What if my pension has to be revised some time later?	11
Will my pension increase each year?	11
Will I get a monthly payslip?	12
Are there any changes at State pension age?	12
Can I pay membership subscriptions, insurance premiums etc from my pension, in the same way as I did from my salary?	13
I intend to become self employed. Can I have my National Insurance contributions deducted from my pension?	13

Tax and your pension	14
How is my pension taxed?	14
How is my pension assessed for the Lifetime Allowance (LTA)?	14
Why do you have to ask me about my other pensions?	14
Benefits for your family	15
What benefits are payable when I die?	15
Is there a lump sum?	15
Who will the lump sum be paid to?	16
What happens if I die without having made a nomination?	16
What pension would my husband, wife or civil partner get?	17
What pension would my eligible partner get?	17
Does my widow, widower or civil partner receive a pension for the rest of their life?	18
Will my children get a pension?	18
What if I get married, register a civil partnership or have children after I've retired?	18
Re-employment	19
What happens if I am re-employed by a Civil Service pensions employer? Will I be able to rejoin the scheme?	19
What happens to my pension if I'm re-employed?	19
What if I have a complaint about my pension?	19
How do I contact the pension payroll provider?	20
More information	20
Technical terms	21
Appendix A	23
Refund of widow(er)s' pension contributions	23

Who should read this booklet

This booklet provides a guide to pension benefits for anyone leaving and taking their **classic plus** pension. It gives practical information about the payment of your pension. You should read this booklet carefully and keep it for future reference.

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 technical terms section at the end of this booklet for an explanation.



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 difference, the rules will apply.

Pension age

The scheme has a **pension age** of 60. **Pension age** is the earliest that you can usually take your pension without it being reduced for early payment. You can apply to take your pension at any time from the age of 50 but it will be reduced if you take it before **pension age**.

Can I carry on working after I take my pension?

You can carry on working if you take your pension on partial retirement terms, but to do this, you must agree with your employer to “reshape” your job such that you reduce your annual rate of **pensionable earnings** by at least 20%, for example by reducing your hours. Your pension may be subject to **abatement**. For more information, please see the booklet on partial retirement, which you can download from www.civilservicepensionscheme.org.uk

Do I have to take my pension when I reach pension age?

No. If you wish, you may defer taking your pension, but you must take it before your 75th birthday at latest, whether or not you are still working. If you take your pension later than age 60 it will not be increased to reflect the late payment. (Your pension will, however, be kept in line with rises in the cost of living).

Working out your pension

How do you work out my pension?

When you retire, you will receive a pension worked out from your final **pensionable earnings** and length of **reckonable service**.

Your pension is worked out differently for your service before and after 1 October 2002. For your service before 1 October 2002: Your final pensionable earnings times your reckonable service divided by 80.

For your service after that date: Your final **pensionable earnings** times your **reckonable service** divided by 60.

We use the same **pensionable earnings** figure for both parts of the calculation.

Part-time service counts on the basis of the actual hours you have worked, and the equivalent full-time **pensionable earnings**. If you have worked part-time in the past, certain restrictions may apply. We can tell you if these restrictions apply to you.

Your **pensionable earnings** may be limited if your earnings are over £100,000. You should ask your employer for details if this applies to you.

You should have been receiving a benefit statement each year, which showed your **reckonable service** and an estimate of your future pension. If you think the information in your most recent annual statement is wrong, or if you have any queries about how your pension has been worked out, please contact us as soon as possible.

If you have bought any added years, or transferred in any pension from another pension arrangement, this will be added to your **reckonable service** before your pension is worked out.

If you have bought any **added pension**, this will be added to your pension after it has been worked out.



Example: Mary had twenty years of **reckonable service**, including 5 years transferred in from another scheme, before 1 October 2002, and ten years service after that date. Her final **pensionable earnings** were £36,000.

- She has bought £1,000 of **added pension**.
- Her pension will be £16,000 a year
 $((20/80 \times 36,000) + (10/60 \times 36,000) + 1,000)$

Will I get a tax-free lump sum?

You will receive a lump sum worked out as $3/80$ of your **pensionable earnings** times your **reckonable service** up to 1 October 2002. This will be paid free of tax, subject to the **Lump Sum Allowance**. The lump sum will be reduced if you owe contributions to provide benefits for your widow, widower or civil partner or for incapacitated children you have nominated during service.

At the time you take your pension you can choose to give up part of your pension for an additional tax-free lump sum. This will be subject to limits set by HM Revenue and Customs (HMRC). Currently the limit is 25% of the total notional value of your pension benefits. The maximum lump sum you can take will be shown on your pension estimate. If you want to take a smaller amount, you can find a calculator on the Civil Service Pensions website:

www.civilservicepensionscheme.org.uk

For each £12 of additional lump sum you take, your pension will reduce by £1 a year. This is called “commuting” pension for lump sum. Note that commuting your pension will not generally affect the way your dependants’ pensions are worked out.

If you receive a refund of WPS contributions (see below) this will also count towards your maximum lump sum limit.

Can I give up part of my pension to someone else?

When you finally retire and take your pension, you may choose to give up part of your pension in exchange for additional pension for someone else after your death. This is called “allocation”.

You can only allocate pension to someone who is financially dependent on you, or with whom you are financially interdependent.

There are limits on the amount of pension that you are allowed to give up.

If you are interested in this option you should contact us for further information.

You must make your allocation decision before you start taking your pension.

Am I entitled to a refund of my WPS contributions?

If you were single as at 1 October 2002 and remain single through to your retirement, you will receive a refund of the widows/widowers contributions you paid for the period before 1 October 2002 that you were single. This will be paid as an additional lump sum, when you finally leave and take your pension, provided that this will not exceed the limit set by HMRC. (In the unlikely event that this applies, the excess will be paid to you as pension instead.)

The lump sum will have deducted from it a one-off payment to provide a widow's, widower's or civil partner's pension in case you marry or register a civil partnership after you retire. If you were married during your service before 1 October 2002, the payment will be based on your service since your marriage ended.

Neither the refund of contributions, nor the deduction, will take into account any service transferred in to your Civil Service pension from another pension scheme.

For more information about WPS refunds please see Appendix A.

Will all my reckonable service count towards my pension?

The maximum amount of **reckonable service** that can count towards your pension is 45 years.

Please note that before 1 March 2008, the maximum amount of **reckonable service** that could count towards your pension was 40 years. The change in March 2008 was not retrospective so if you already had more than 40 years service at that date, the excess will not count towards your pension.

How do you work out my pension if I have already taken pension under the partial retirement arrangements?

Your pension will be worked out in the same way, but taking into account any pension that has already been paid under the partial retirement arrangements.

What about my State pension?

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

Members of the scheme were contracted-out of S2P between 6 April 1978 and 5 April 2016, when contracting out ceased.

Due to the contracted out status between 1978 and 2016, members of the scheme paid lower rates of National Insurance contributions and did not build up entitlement to the S2P element of the previous two part state pension.

Your new State Pension amount will take into account any period you were contracted out of S2P, plus your National Insurance record between 6 April 2016 and your State Pension age.

What about my CSAVCs?

If you have been paying **CSAVCs** you need to tick the appropriate boxes on your Personal Details Form. We will write to you separately to give you information about taking your AVC benefits.

* **The State Second Pension (S2P) was previously known as the State Earnings-Related Pension (SERPS).**

Paying your pension

Why do I have to fill in the Personal Details Form?

The **pension payroll provider** cannot start to pay your pension until you have returned the Personal Details Form. They need to make sure that the information they hold about you is correct. It is also a requirement of HMRC that the value of your **classic plus** pension is tested against the **Lump Sum Allowance** before it is paid. That is why we need to ask extra questions if you think your pension income may be above the threshold. You can usually take up to 25% of the amount built up in any pension as a tax-free lump sum. The most you can take is £268,275.

Who pays my pension, and when?

Civil Service pensions are paid by us on behalf of the Cabinet Office. You can find their contact details at the end of this booklet. They will pay your pension to you monthly, at one-twelfth (to the nearest penny) of the yearly rate.

When will I get my first payment?

Your lump sum will be sent to the bank or building society account you put on your Personal Details Form. We will pay your lump sum as quickly as possible, although no particular date can be promised. It will normally be paid within a few days of your retiring, if we have received the information in good time. You should complete and return your Personal Details Form and any other information promptly.

Pensions are normally paid monthly in arrears (at the end of the period in which they are due). Your pension payments will be made directly to your account. This ensures that your bank account is credited on the day each payment is due.

You should tell us immediately if you change your address or your bank details.

We will tell you the date in the month on which your pension will be paid before (or with) the first payment. The date will not necessarily fall at the end of a calendar month. When a payment date falls on a weekend or on a public holiday, the payment date will be the working day before. The amount due for part of a month is worked out according to the number of days in the period concerned and the number of days in the full pension month, between one payment date and the next.

Can I have my pension paid into any bank?

If your account is with a bank or building society in the United Kingdom, Channel Islands, or the Isle of Man, we will pay your pension direct into your bank account. If your bank account is in the Irish Republic or overseas you must make a special application.

What if my pension has to be revised some time later?

If there is a change in the **pensionable earnings** figure used in working out your pension, for example, due to a backdated pay increase, we will write to you with revised details, and your pension payments will change accordingly.

If your pension had previously been based on a pay period earlier than your last 12 months of service, a backdated pay award may lead to your pension being worked out again based on a later pay period. It is possible that this will result in an overpayment of pensions increases. If this applies to you then we will write to you to explain and arrange recovery.

Will my pension increase each year?

Pensions in payment increase every year in line with rises in the cost of living. The increase is applied on the first Monday after 6th April each year.

Will I get a monthly payslip?

Whenever there is a change in the gross annual rate of your pension, the **pension payroll provider** will send you an advice note containing the new details. The note will also show the monthly gross amount payable and the tax that will be deducted from next month's payment.

The net amount may vary slightly due to the effect of the PAYE tax tables. We will then continue to pay the same amount each month until there is a further change in the annual pension rate or tax code, when they will send you another advice note. You will not receive a payslip or advice note in the months when there is no change to the amount of your pension.

Are there any changes at State pension age?

For people reaching State Pension Age before 6 April 2016: If your **classic plus** pension includes any service before 1997, you should note that this will include a **guaranteed minimum pension (GMP)**, and special arrangements apply to the pensions increase on the GMP.

When you reach **State pension age**, some of the increase on your GMP may be paid with your State pension rather than with your Civil Service pension. The increase in your **classic plus** pension may therefore appear to be less than a full cost of living increase.

For people reaching State Pension Age on 6 April 2016 or after please refer to the following website for more information: www.gov.uk/new-state-pension

If you were in service before 1 April 1980 you will be affected by National Insurance Modification. There is further information in the booklet "Inflation proofing public service pensions" referred to above.

Can I pay membership subscriptions, insurance premiums etc from my pension, in the same way as I did from my salary?

Voluntary deductions for certain benevolent and life insurance societies and organisations can be made from your pension. If you want deductions to be made, you must complete the relevant section of your Personal Details Form. You can find details of voluntary deductions currently made from your pay on your most recent pay advice or deductions statement.

Your employer will normally make any current deductions from your final payment of salary or wages up to the end of the calendar month in which you retire. If you apply for deductions to be made from your pension, we will then start deductions the following month.

If you want to make payments to an organisation to which you have not contributed from your pay before, you must first make your own arrangements to join the organisation concerned. We will not enrol pensioners with particular societies. You should direct any enquiry about benefits, increase of your subscriptions, or conditions of membership, to the society or organisation concerned.

If for any reason a deduction from pension is not made or passed on correctly to a specified organisation, we will not accept responsibility for the lack of cover which the loss of contribution may cause. As an alternative to having deductions made from your pension, you could make separate arrangements with the organisation(s) concerned.

I intend to become self employed. Can I have my National Insurance contributions deducted from my pension?

No. We cannot make deductions from a pension for National Insurance (NI) contributions for which you may be liable as a self-employed person. You must make your own arrangements for NI contributions with HMRC.

Tax and your pension

How is my pension taxed?

Your retirement lump sum is tax-free, subject to the **Lump Sum Allowance**, but your pension is treated as earned income. Any income tax due under the tax code notified by HMRC will be deducted by us. Deductions may be provisional until they have received the proper code.

You should make any enquiries about your tax (quoting your pension reference and National Insurance number) via www.gov.uk/find-hmrc-contacts/income-tax-enquiries

If tax has been deducted from your pension, we will send you a P60 after the end of each tax year to show the total pension paid and tax deducted in the year.

Why do you have to ask me about my other pensions?

We have to take into account any pensions you may have in assessing your pension for LSA. This is explained more in “Your pension and tax”.

Benefits for your family

What benefits are payable when I die?

We will pay a pension and may pay a lump sum to your widow, widower, or surviving civil partner. If you have a partner but are not married or in a civil partnership, they may be eligible if they meet the criteria for payment of a pension. We will also pay a pension to any **eligible children**.

Your family or **personal representative** must contact us to inform us of your death.

If your pension is overpaid because we have not been told of your death, the overpayment must be repaid. We will tell your widow, widower, civil partner, or **personal representative** of any amount overpaid but will seek recovery directly from your Estate.

Is there a lump sum?

If you die within five years of starting to take your pension, the **pension payroll provider** will pay a lump sum to the person or people you have named.

The lump sum is worked out as the difference between:

- five times your annual pension based on service since 1 October 2002 plus two times your annual pension based on service before 1 October 2002,
- and
- the total pension and lump sum you had already received.

If you die after taking pension on partial retirement but before full retirement, the calculation will be different.


If you are over 75 when you die, we cannot pay this lump sum due to tax rules. In that case, we will pay any outstanding balance annually in arrears to your nominee(s) as a pension until the five year period has expired.

We do not pay a lump sum if you die more than 5 years after you start to take your pension.

Who will the lump sum be paid to?

We will pay the lump sum to the person or people you have named, in the same way as if you had died in service. If you want to change your nominee at any time, you can download a death benefit nomination form from our website at www.civilservicepensionscheme.org.uk, or ask us for a form.

It is your responsibility to keep your nomination under review and update it whenever necessary.



Please note: that if you have nominated your husband or wife or civil partner and you are divorced or your civil partnership is dissolved, your nomination to them will no longer be valid. If you still want them to receive the death benefit lump sum, you must complete a new nomination form after your divorce or dissolution. In any case you may want to review your nomination at that time.

We 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?

We will pay any lump sum that is due to your **personal representative**.

What pension would my husband, wife, or civil partner get?

Their pension entitlement is worked out as

- 37.5% of your pension on your service from 1 October 2002. (This includes any **added pension** you have bought for yourself and your family), and
- half your pension on your service before that date. In certain circumstances this part of the pension may be less than half your pension.

A pension for a civil partner will only be based on your service after 6 April 1988.

If you have exchanged (commuted) part of your pension for an additional lump sum, this will not generally affect the pension for your husband, wife or civil partner as their pension will be based on your pension before you decided to commute.

However if you are 75 or over when you die, and you leave two or more **eligible children**, 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. If you have taken an additional lump sum and therefore reduced your pension, this may reduce the amount of dependants' pensions payable.

What pension would my eligible partner get?

Your **eligible partner** would get a pension worked out as 37.5% of your pension on your service from 1 October 2002, including any **added pension** you have bought for yourself and your family.

If your husband, wife, civil partner or **eligible partner** is more than 12 years younger than you, then the part of their pension based on your service after 1 October 2002 will be reduced to reflect the fact that it is likely to be in payment for a longer time.

Does my widow, widower or civil partner receive a pension for the rest of their life?

If your widow, widower or civil partner remarries, enters into a new civil partnership or lives with someone else as their partner, we will reduce their pension to the level payable to an **eligible partner**. But we may restore the pension to the full level if:

- the second marriage, civil partnership, or cohabitation has come to an end and your widow, widower, or civil partner is left with a smaller pension than they were given when you died; or
- there are exceptional compassionate reasons for restoring the pension.

Will my children get a pension?

We will pay a pension to your **eligible children**. The child's pension is:

- 30% of your pension entitlement if we pay a pension to your surviving husband, wife, or civil partner, or
- 30% of your pension for service from 1 October 2002 plus 50% of your pension for service before that date if we pay a pension to your **eligible partner**, or
- 50% of your pension if we are not paying any other pensions after your death.

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.

What if I get married, register a civil partnership or have children after I've retired?

We will pay a pension to your family on your death, on the same terms and conditions as set out in previous questions. However, please note that a widow's pension would be based only on service after 1978, and a widower's or civil partner's pension generally on service only since 1988.

Re-employment

What happens if I am re-employed by a Civil Service pensions employer? Will I be able to rejoin the pension scheme?

This will depend on the pension arrangements on offer at that time.

What happens to my pension if I'm re-employed?

If you have any Civil Service pension in payment, whether from **classic plus** or another section of the scheme, and you are re-employed by a Civil Service pensions employer, your pension may be **abated**. If you are considering re-employment after taking your pension you should ask your prospective employer for further information on the impact on your pension. **Abatement** does not apply if you are aged 75 or over, or if you take a job with an employer outside the Civil Service pension arrangements.

You can find out more from the leaflet "What is **Abatement**?" which you can download from www.civilservicepensionscheme.org.uk.

What if I have a complaint about my pension?

If you have a problem with any part of your **classic plus** pension benefits please contact us. You can find out more details about the complaints process on our website.

Contact details

You can contact us at:

Civil Service Pensions
Capita Pension Solutions
PO Box 713
Darlington
DL1 9JZ

When you contact us, you should always quote your pension reference number. That number will be notified to you when your pension payments begin, and will then appear on all correspondence you receive from them.

More information

You can find out more information about **classic plus** pension benefits on our website, www.civilservicepensionscheme.org.uk.

Please note that we are not able to give you financial advice.

You can find out more about the State Pension on:
www.gov.uk/contact-pension-service

Technical terms

Abatement is the reduction or stopping of pension payments on re-employment within the scheme. Scheme rules require that your annual salary plus your pension cannot add up to more than your **pensionable earnings** in the twelve months immediately before your pension came into payment.

Added pension is an amount of extra pension that the scheme member can buy.

CSAVCs - Civil Service Additional Voluntary Contributions.

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 leaves full-time education or training, or their 23rd birthday, whichever comes first.

A pension may be payable for life to a child who is dependent due to serious disability.

Eligible partner is someone who lived with the member as if they were married or in a civil partnership, and who continued to meet the eligibility criteria at the date of the member's death. Details of the eligibility criteria are given in the booklet 'Pensions for partners: a guide'.

Guaranteed minimum pension (GMP) - The Civil Service Pension Scheme was contracted out of the State Earnings Related Pension Scheme (SERPS) prior to 6 April 2016. If you were a member of the Civil Service Pension Scheme between 6 April 1978 and 5 April 1997, GMP is the minimum amount that the scheme must provide for you at State Pension age (SPA).

Lump Sum Allowance - The lump sum allowance is a limit on how much money you can withdraw as a lump sum from UK pensions without paying extra tax. If the total of all your lump sums goes over this limit, you'll need to pay additional tax.

Pension age in classic plus is age 60. This is the earliest age at which you can choose to leave and receive immediate payment of your pension without it being reduced.

Pensionable earnings are all earnings that could count towards your pension.

They may include non-cash items, for example, uniforms or accommodation.

Your final **pensionable earnings** are used to work out your pension benefits. Your final **pensionable earnings** will be the best of:

- **pensionable earnings** in your final 12 months of employment; or
- the highest **pensionable earnings** in any of the last four scheme years; or
- the highest average **pensionable earnings** in any three consecutive scheme years ending up to 13 years before the retirement date.

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

These will be the executors if there is a will. If the member died without leaving a will, **personal representatives** will be named in Letters of Administration (Confirmation of Executor in Scotland) which your solicitor will apply for.

Reckonable service is the service which counts towards your pension. Part-time service will count on the basis of hours worked.

State pension age is the age at which you can claim your State pension benefits.

State Second Pension S2P is 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.

Appendix A

Refund of widow(er)s' pension contributions

Refunds of contributions are payable only if you were not married on 1st October 2002 and remain unmarried/ not in a civil partnership throughout the period from that date until the date you take your pension. **Only contributions paid before 1 October 2002 will be refunded.**

Men

Men who have been unmarried throughout their service are entitled to a refund of all their widows' pension contributions. 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 take your pension. 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 widow's pension if you marry or enter a civil partnership after leaving and die before your wife or civil partner. You will not be required 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. 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 take your pension. 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. You will not be required 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 widower's pension is shown on your Estimate Statement.

Men and women

Your refund counts towards the **Lump Sum Allowance** and is included in the percentage figure shown on your Estimate Statement.



Note: Men or women who are in a civil partnership when they take their benefits, will receive a full refund of all their contributions for service before 6 April 1988, except if they had previously been married. In that case, they will receive a refund only of contributions paid from the date their marriage (or most recent marriage, as the case may be) ended until 5 April 1988.

