

# Nuvos retirement benefits

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A brief guide to the benefits available



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This booklet provides a guide to your pension benefits and gives practical information about the payment of your pension. You should read this booklet carefully and keep it for future reference.

If you would like to know more about how the benefits are worked out, there is a section at the end of this booklet telling you where you can get more information.

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 unintentional difference, the rules will apply.

## Pension age

The scheme has a pension age of 65. Pension age is the earliest that you can usually take your pension without it being reduced for early payment. You can apply to draw your pension at any time from the age of 55 but because your pension will be paid for more years, it will be reduced if you take it before pension age.

## Can I carry on working after I draw my pension?

You cannot draw your pension and carry on working for a Civil Service pensions employer unless you are over age 75, or meet the conditions for partial retirement. To take your pension on partial retirement terms, 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 will be subject to **abatement**. There is more about **abatement** in the section of this booklet about re-employment.

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

No. If you wish, you may defer taking your pension. If you draw your pension later than age 65 it will be increased to reflect the late payment. Your annual benefit statement will show an “age addition” each year after you 65th birthday.

# Working out your pension

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You should have been receiving benefit statements each year, which showed you how your pension was building up. 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.

Your pension will be the total amount of the pension you have built up, including, where applicable, any **added pension** you have bought and any pension you have transferred in from another pension arrangement, plus all the indexlinking increases and any late retirement additions that have been applied to your pension.

If you have any benefits based on your final salary (from linked service or from a **Club** transfer in) then this part of your pension will be worked out by multiplying the relevant service credit by your **final pensionable earnings** and dividing it by 60.

Details of your pension are shown on your Estimate statement. Initially, the pension paid to you will be the amount held on our records at the date we work out your pension. This will take account of all payroll updates supplied by your employer but, unless your pension is being worked out after you have left service, it will not reflect the correct final position. After your last day of service we will work your pension out again to take into account any further pension built up to your last day, as well as any other adjustments (such as part-year cost of living increases) that are due.

## Can I have a tax-free lump sum?

At the time you draw your pension you can choose to give up part of your pension for a 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](http://www.civilservicepensionscheme.org.uk)

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

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

Before your pension starts to be paid, 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 please contact us. You must make your allocation decision before you start drawing your pension. Allocation of your pension will not affect the way any pension for another member of your family is worked out.

## Is there any limit to the size of my pension?

There is a limit, but it is unlikely to affect you unless you have very long service. Your pension (excluding any **added pension** that you have bought) cannot be more than 75% of your highest scheme earnings. For this purpose, highest scheme earnings will be the highest of:

- your **pensionable earnings** in your final year, or
- your highest **pensionable earnings** in any of the last 10 scheme years; or
- your highest average of three consecutive years' **pensionable earnings**.

In order to make this comparison, your **pensionable earnings** from previous years will be uprated in line with the rises in the cost of living.

Any pension you already have from the Civil Service Pension Scheme will also count against the 75% limit. If you have any pension worked out on a final salary basis (from linked service or a Club transfer) this will also count against your pension limit on the basis of  $N/60 \times 100\%$  where N is the years of service used to work out the final salary 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 AVCs?

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

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

# Paying your pension

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

We cannot start to pay your pension until you have returned the Personal Details Form. We need to ensure that the information we hold about you is correct. It is also a requirement of HMRC that the value of your **nuvos pension** is tested against the **Lump Sum Allowance** before it is paid.

## Who pays my pension, and when?

Civil Service pensions are paid by us, the scheme administrator, on behalf of the Cabinet Office. You can find our contact details at the end of this booklet. We 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?

If you choose to have a lump sum, it 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 by direct credit to your account. This ensures that your bank account is credited on the day each payment is due.

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 to us.

## What happens when my pension is revised?

When all the details of your **pensionable earnings** are received, and/or there is a backdated pay increase that increases your **pensionable earnings**, your **MyCSP** Pension Service Centre will write to you with revised details, and your pension payments will change accordingly.

## 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. You can find out more about pensions increases in the booklet "A Brief Guide to Pensions' Increase" which we send you with your Estimate statement.

## 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. The pension payroll provider will then continue to pay the same amounts 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 nuvos pension includes any service before 1997, for example service which you have transferred in from another scheme, and this part of your pension includes a guaranteed minimum pension (GMP), you should note that special arrangements apply to the pensions increase on the GMP. When you reach 60 (for women) or 65 (for men), 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 nuvos pension may therefore appear to be less than a full increase in line with the cost of living.

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](http://www.gov.uk/new-state-pension)

## 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, the pension payroll provider 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. The pension payroll provider 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, the pension payroll provider will not accept responsibility for the lack of cover which the loss of contribution may cause.

An alternative to having deductions made from your pension would be to 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. The pension payroll provider cannot make deductions from 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

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## How is my pension taxed?

Your retirement lump sum is tax-free but your pension is treated as earned income. Any income tax due under the tax code notified by HMRC will be deducted by the pension payroll provider. Deductions may be provisional until they have received the proper code.

Any enquiry about your tax should be sent (quoting your pension reference and National Insurance number) to:

Civil Service Pensions HMRC  
Customer Operations  
PO 4000  
Cardiff  
CF14 8HR

Telephone 0845 300 0627

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

## How is my pension assessed for the Lifetime Allowance (LTA)?

You can find information about the LTA tax assessment of your nuvos pension, in the booklet "Your pension and tax".

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

We have to take into account all your pensions in assessing your pension for LTA tax. This is explained more in "Your pension and tax".

# Benefits for your family

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## What benefits are payable when I die?

A lump sum may be payable, and a pension will be payable to your widow, widower, or surviving civil partner. Your partner may be eligible if they meet the criteria for payment of a pension. A pension would also be payable to any eligible children.

Your family or **personal representative** must contact the pension payroll provider to tell them of your death.

If your pension is overpaid because the pension payroll provider has not been informed of your death, these overpayments must be repaid. The pension payroll provider will tell your widow, widower, civil partner, or **personal representative** of any amount overpaid but will seek recovery direct from your bank or building society. If you have a joint account, it is important that you tell the other account holder of this recovery arrangement.

## What lump sum would be payable?

If you die within five years of starting to draw your pension, the scheme will pay a lump sum representing the balance of five years' pension (including any **added pension** you had bought) to the person or people you have named.

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

Note that no lump sum is payable if you die more than 5 years after starting to draw your pension.

## Who will the lump sum be paid to?

The lump sum would be paid 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 form from our website at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk) or ask the pension payroll provider for a death benefit nomination form.

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

The pension payroll provider 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?

The pension payroll provider will pay any lump sum that is due to your **personal representative**.

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

Their pension entitlement is worked out as 37.5% (3/8ths) of your pension, including any **added pension** you have bought for yourself and your family, and any pension bought by a transfer in from another scheme.

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

If your husband, wife, civil partner or is more than 12 years younger than you, then their pension will be reduced to reflect the fact that it is likely to be in payment for a longer time.

## Will my children get a pension?

We will pay a pension to your children (and to any other children who rely on you financially) when you die. We pay children's pensions for children up to the age of 18 (or to 23, if they continue in full-time education or vocational training). A pension may be payable for life to a child who is dependent due to serious disability; ask your MyCSP Pension Service Centre for more information about this.

The pension payroll provider works out a child's pension as 30% of your pension entitlement if we pay a pension to your surviving husband, wife, civil partner or eligible partner, or 50% if there is no such pension payable. If you leave more than two children who qualify for a pension the administrators will reduce each child's pension so they each get an equal share.

## What if I get married or have children after I've retired?

A pension will be payable to your family on your death, on the same terms and conditions as set out in previous questions.

# Re-employment

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

This will depend on what pension arrangements are 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 nuvos or another section of the scheme, and you are re-employed by a Civil Service pensions employer, your pension will be **abated** (reduced or suspended), if your annual rate of **pensionable pay** and your pension together come to more than your pensionable earnings in the twelve months immediately before your pension came into payment. If you are considering re-employment after drawing 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](http://www.civilservicepensionscheme.org.uk) or get from your MyCSP Pension Service Centre.

## What if I have a complaint about my pension?

If you have a problem with any part of your nuvos pension benefits, you should try to sort it out with your **MyCSP** Pension Service Centre. Often a phone call or email will be enough. If you cannot sort out the problem to your satisfaction, you should ask your **MyCSP** Pension Service Centre for the leaflet "If you have a complaint about your pension".

## Where can I get more information?

You can find out more information about **nuvos** benefits on the Civil Service Pensions website, [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk) Further information about how lump sums and pensions are worked out is included in the booklet "nuvos pensionscheme" which you can download from the website or get from your **MyCSP** Pension Service Centre. Please note that the MyCSP Pension Service Centre and pension payroll provider are not able to give you financial advice.

## How do I contact the pension payroll provider?

You can contact the pension payroll provider, MyCSP, as follows:

MyCSP

PO Box 2017

Liverpool

L69 2BU

Telephone: 0300 123 6666

Fax: 01903 835902

E-mail: [contactcentre@mycsp.co.uk](mailto:contactcentre@mycsp.co.uk)

Alternatively you can follow the link from the Civil Service pensions website – click on "Pensioners".

When you contact MyCSP, 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.

# Technical terms

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**Abatement** is the reduction or stopping of pension payments on re-employment within the scheme. Scheme rules require that a member's new **pensionable pay** and pension, when added together, may not normally be more than their **pensionable earnings** when they retired.

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

**Club transfer** is a transfer from a pension scheme which is a member of the Public Sector Transfer Club, such as the NHS Pension Scheme.

**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".

**Final pensionable earnings** are the **pensionable earnings** used to work out any benefits (such as benefits from linked service) which are worked out on a final salary basis.

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 10 years before the retirement date.

**Lifetime Allowance (LTA)** is a limit set by HMRC on the total value of all pension benefits (except the State pension) that can be taken without paying additional tax. See "Your pension and tax" for more information.

**MyCSP** is the organisation that holds your pension records and administers your pension on your employer's behalf, including working out and arranging pension payments.

**Pensionable earnings** are the **pensionable pay** which you received during the scheme year (1st April to 31st March).

**Pensionable pay** includes all earnings that could count towards your pension. They can include non-cash items, for example, uniforms or accommodation.

**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.

**State Pension Age** is the earliest age you can start receiving your State Pension. Your **State Pension age** is worked out based on your gender and date of birth. See [www.gov.uk/state-pension-age](http://www.gov.uk/state-pension-age) for a calculator.

For more information about State Pensions visit:  
[www.gov.uk/browse/working/state-pension](http://www.gov.uk/browse/working/state-pension)

**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.

[www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

This leaflet has been produced by MyCSP on behalf of the Cabinet Office.

