

**BAPTIST UNION STAFF PENSION SCHEME**

**EXPLANATORY BOOKLET**

**April 2006**

## **INTRODUCTION**

The purpose of this Booklet is to explain in a straightforward way the main benefits which are provided from the Baptist Union Staff Pension Scheme and the basis of the payment of contributions to the Scheme. While the Booklet explains the main features of the Scheme, it must be emphasised that it does not take the place of the formal Rules of the Scheme which are available for inspection. A copy is available on request from the Scheme Administrator. In the event of any conflict between this Booklet and the Rules, the Rules will prevail.

The Baptist Union Staff Pension Scheme provides pension and life assurance benefits for its members and their dependants. Membership is voluntary. The cost of the Scheme is met by contributions from the employers and the members. The Scheme provides a pension which is related to a member's Final Pensionable Salary. Additional benefits may be acquired by a member's voluntary contributions.

The Scheme is administered by a Corporate Trustee, The Baptist Union Staff Pension Trust Limited. Three of the eight Directors are member nominated directors. The other five Directors represent the Baptist Union of Great Britain (the Union). The assets of the Scheme are kept separate from other Baptist Union funds and are invested on the advice of professional investment managers. Accounts are audited annually and an actuarial valuation is made every three years to ensure that the Scheme is able to pay the benefits described.

The Scheme is a pension scheme registered in accordance with Section 153 of the Finance Act 2004.

The Scheme is not contracted-out of the State Second Pension (S2P) and was not contracted-out of its predecessor the State Earnings Related Pension Scheme (SERPS), so that benefits provided from the Scheme are paid in addition to the Basic State Pension and the pension from S2P and SERPS.

Further details about the Scheme and about your entitlements are available from:

Scheme Administrator  
Baptist Union Staff Pension Trust Limited  
Baptist House  
PO Box 44  
129 Broadway  
Didcot  
Oxfordshire  
OX11 8RT

## CONTENTS

	Page
• A SUMMARY OF THE MAIN BENEFITS AND CONTRIBUTIONS	1
• SPECIAL TERMS USED IN THIS BOOKLET	2
• ELIGIBILITY	3
• CONTRIBUTIONS	4
• RETIREMENT BENEFITS	5
• DEATH BENEFITS <i>BEFORE</i> RETIREMENT	7
• DEATH BENEFITS <i>AFTER</i> RETIREMENT	8
• EARLY RETIREMENT, FLEXIBLE RETIREMENT AND LATE RETIREMENT	9
• OTHER INFORMATION	10
• LEAVING THE SCHEME	13
EXAMPLES	15

## **A SUMMARY OF THE MAIN BENEFITS AND CONTRIBUTIONS**

The **Baptist Union Staff Pension Scheme** provides:-

### **Death Benefit**

should you die while in service.

### **Retirement Pension**

at your Normal Pension Date, with the opportunity to retire before (with the consent of the Trustee) or after that date.

### **Tax Free Cash Sum**

in exchange for part of your pension.

### **Spouse's Pension**

on your death before or after you retire.

### **Incapacity Pension**

should you become too ill to continue in service.

### **Deferred Pension or Transfer Value**

if you leave the Scheme after more than 2 years' membership, with a transfer value or refund of contributions available otherwise.

Examples of Benefits are included at the back of this Booklet.

### **The contributions payable to the Scheme are as follows:**

Members

contribute at the rate of 8% pa of Pensionable Salary

The Employers

pay the balance of the cost of providing the benefits

## **SPECIAL TERMS USED IN THIS BOOKLET**

There are several terms with special meanings used throughout the Booklet. The main terms are set out below:

***Pensionable Salary*** is your annual rate of remuneration at each 1 January.

***Final Pensionable Salary*** means the yearly average of your Pensionable Salaries on the three 1 Januarys immediately prior to the date on which you cease to be a Member.

***Normal Pension Date*** means the date that you attain age 65.

***Pensionable Service*** is the period of service as a Member during which contributions have been paid to the Scheme and includes any other period of service recognised by the Trustee as pensionable which has been secured by a transfer payment or a special payment, or is being secured by additional voluntary contributions.

***Member*** means a person who has been admitted into membership of the Scheme.

***Spouse*** means your widow or widower who you married before you left service or retired. It includes a civil partner in respect of Pensionable Service after 5 December 2005.

***Trustee*** means the Baptist Union Staff Pension Trust Limited which is responsible for the Scheme's administration and the investment of its assets.

***Union*** means the Baptist Union of Great Britain.

## **ELIGIBILITY**

Membership of the Scheme is open to any permanent employee, or any temporary employee who has completed 1 year of service provided that

- (i) the employee is normally resident in Great Britain or Northern Ireland or such other countries as may be agreed by the Trustee
- (ii) the employee is not a member of the Baptist Ministers' Pension Fund
- (iii) the employee is aged not less than 18 years and not more than 60 years.

You are required to apply for membership of the Scheme and each application will be considered by the Trustee. Membership is not subject to the consent of the Union. You are also required to provide evidence of health as requested by the Trustee. If you do not provide satisfactory evidence of health, the Trustee may modify or reduce benefits which would be payable under the Rules.

If you do not join the Scheme as soon as you become eligible, or if you leave the Scheme while remaining eligible for membership and subsequently apply to rejoin, your membership will be subject to the agreement of the Union and the Trustee and will be on terms determined by the Union and the Trustee.

If you are ineligible to join the Scheme under the above conditions, you may be considered for admission to the Scheme by permission of the Trustee.

You are able to become a member of the Scheme as well as being a member of a personal pension arrangement or a free-standing additional voluntary contribution arrangement or a stakeholder arrangement.

## **CONTRIBUTIONS**

### **Your Contributions**

Members contribute to the Scheme at the rate of 8% pa of their Pensionable Salary. You receive tax relief on your contributions at the highest rate to which you are liable subject to a maximum Annual Allowance set by the Government. The Annual Allowance was set at £215,000 for 2006/07. The PAYE system automatically provides the tax relief without any action on your part. This allows your Employer to deduct your contributions before calculating your monthly tax liability.

### **Employers' Contributions**

Your Employer pays the balance of the cost of providing the benefits of the Scheme.

### **Additional Voluntary Contributions**

Under the terms of the Scheme it is possible for members to pay additional voluntary contributions (AVCs) in order to increase their retirement benefits. The limit on the total contributions which may be made to the Scheme and any other pension arrangement and qualify for tax relief is 100% of your taxable earnings or £3,600 pa if higher.

### **Payment of Contributions to the Scheme**

In accordance with the Rules of the Scheme your contributions must be paid on not less than a monthly basis. Under the terms of the Pensions Acts, in certain circumstances the Trustee of the Scheme may be required to report to the Pensions Regulator all cases where premiums are not paid by the due date, where the due date for contributions is 19 days after the end of the month in which contributions were deducted.

## RETIREMENT BENEFITS

### Your Pension

Your main pension will be calculated as follows:

$$\frac{1}{50} \times \frac{1}{12} \times \text{Final Pensionable Salary} \times \text{Complete months of Pensionable Service prior to 1 January 1987}$$

plus

$$\frac{1}{80} \times \frac{1}{12} \times \text{Final Pensionable Salary} \times \text{Complete months of Pensionable Service from 1 January 1987 to 31 December 1994}$$

plus

$$\frac{1}{70} \times \frac{1}{12} \times \text{Final Pensionable Salary} \times \text{Complete months of Pensionable Service from 1 January 1995}$$

Subject to an overall maximum of

$$\frac{2}{3} \times \text{Final Pensionable Salary.}$$

Your pension will be payable monthly and will be taxed as “earned income”.

If the value of your total pension benefits from all arrangements exceeds a Standard Lifetime Allowance set by the Government, then the excess benefits would be subject to an additional tax charge. The Standard Lifetime Allowance was set at £1.5m for 2006/07.

### Pension Increases

Pensions will be increased annually on 1 January by 5% or by the annual increase in the UK Index of Retail Prices for the previous September, if lower in respect of benefits earned prior to 6 April 2006 and by 2.5% or by the annual increase in the UK Index of Retail Prices if lower in respect of benefits earned on or after 6 April 2006. Additional increases may be awarded at the discretion of the Trustee, with the consent of the Union, acting with the advice of the Actuary, if the finances of the Scheme permit.

### Alternative Pensions for your family

When you retire, you can elect in writing with the consent of the Trustee to give up part of your pension in order to provide a pension or an additional pension for your spouse or one or more named dependants, payable for life from the date of your death should you predecease such spouse or other named dependants. If you are interested in this option you should apply to the Scheme Administrator before your retirement for full details.

## **Tax Free Cash Sum**

When you retire, you may elect in writing to exchange some of your pension benefits for a tax free cash sum and receive a reduced pension. Generally, the maximum cash sum will be the value of 25% of your pension. However, in some situations you may be able to commute more than 25% of your pension for a higher tax free lump sum. You will be given full details before you retire.

The actual amount of cash sum payable and the resulting reduced pension will be determined by the Trustee at the time of your retirement.

## **DEATH BENEFITS *BEFORE* RETIREMENT**

If you should die in service before your Normal Pension Date whilst a member of the Scheme, the following benefits would be payable:

### **Lump Sum**

A lump sum equal to twice your Pensionable Salary at the date of your death plus your own contributions including any member contributions transferred to the Scheme will be paid. The Trustee has complete discretion as to whom this lump sum benefit will be paid. You are advised to complete a death benefit nomination form to assist the Trustee in this decision. Your wishes will be taken into consideration but the Trustee will not be bound to act in accordance with them. Nomination forms are available from the Scheme Administrator. This allows this lump sum payment to be excluded from the value of your estate and thus enables the payment to be made tax-free and to be paid promptly.

In addition, a further amount equal to twice your Pensionable Salary will be available. Your Spouse will have the option of either receiving this amount as a tax free lump sum or of converting it into an additional pension payable through the Scheme, if this better meets your Spouse's needs.

The Trustee appreciates that it may be difficult for your Spouse to make a decision at the time of your death, so a period of up to 6 months will be given to allow your Spouse to make a decision.

If you have no Spouse, the additional lump sum of twice your Pensionable Salary would be paid immediately on your death as a lump sum.

### **Spouse's Pension**

A pension will be paid to your Spouse equal to one half of the pension you would have received on retirement at Normal Pension Date based on the Pensionable Service you would have completed at Normal Pension Date and Pensionable Salary at the date of your death. If your Spouse is more than 10 years younger than you, the amount of the pension will be reduced to take account of longer life expectancy.

### **Dependent Children's Pension**

If you are not survived by a Spouse but are survived by a child or children under the age of 16 (or 23 if still receiving full-time education) pensions equal in total to the pension which would have been payable to a Spouse will be paid in such manner and proportion as the Trustee decides.

### **Dependant's Pension**

If you are not survived by a Spouse or a dependent child, the Trustee has discretion to pay a pension, which would not exceed the Spouse's pension otherwise payable, to one or more of your dependants.

### **Pension Increases**

A Spouse's pension or a dependent child's pension or a dependant's pension will be increased in a similar way to your pension, as described earlier in this Booklet (page 5).

## **DEATH BENEFITS *AFTER* RETIREMENT**

Once you retire, your pension will be paid for the rest of your life. On your death after retirement the following benefits are payable:

### **Pension Guarantee**

If you die before age 75 within five years of the commencement of your pension, a lump sum will be paid equal to the unpaid balance of five years' pension payments at the rate in force at the date of your death.

The Trustee has complete discretion as to whom this lump sum benefit will be paid. You are advised to complete a death benefit nomination form to assist the Trustee in this decision.

### **Spouse's Pension**

A pension is payable immediately to your Spouse to whom you were married at the time of ceasing to be a Member. This pension will be equal to one half of the pension you would have been receiving at the date of your death ignoring pension provided by voluntary contributions unless previously arranged otherwise or any reduction because you took a tax free cash sum or gave up part of your pension to provide extra pension for a dependant. If your Spouse is more than 10 years younger than you, the amount of the pension will be reduced to take account of longer life expectancy.

### **Dependent Children's Pension**

If you are not survived by a Spouse but are survived by a child or children under the age of 16 (or 23 if still receiving full-time education) pensions equal in total to the pension which would have been payable to a Spouse will be paid in such manner and proportion as the Trustee decides.

### **Dependant's Pension**

If you are not survived by a Spouse or a dependent child, the Trustee has discretion to pay a pension, which would not exceed the Spouse's pension otherwise payable, to one or more of your dependants.

### **Pension Increases**

A Spouse's pension or a dependent child's pension or a dependant's pension will be increased in a similar way to your pension, as described earlier in this Booklet (page 5).

## EARLY RETIREMENT AND LATE RETIREMENT

### Early Retirement

(a) ***Due to permanent incapacity for remunerative employment***

If you are compelled to retire before Normal Pension Date because of permanent incapacity you will be entitled to receive an immediate pension, calculated by reference to your Pensionable Salary and Pensionable Service at the time you actually retire. The pension will not be subject to actuarial reduction because you have been compelled to retire early.

Payment of pension will be subject to a medical report and the agreement of the Trustee. Incapacity pensions are subject to review from time to time to ensure that the recipient is still entitled to receive an incapacity pension.

(b) ***Otherwise than due to permanent incapacity for remunerative employment***

You may retire at any time after attaining the age of 50 (increasing to age 55 from 6 April 2010). In these circumstances your pension will be based on completed Pensionable Service and Final Pensionable Salary at the date you actually retire. It will then be reduced to take account of the extra cost of earlier payment. The rate of reduction will be determined by the Actuary at the time of retirement. A reduction is required because your pension will be payable for a longer period. However, the pension of a female Member who joined the Scheme prior to 1 January 1991 which was accrued in respect of Pensionable Service up to 31 December 1994 and the pension in respect of a male Member who entered service prior to 1 January 1991 which was accrued in respect of Pensionable Service from 17 May 1990 to 31 December 1994 will only be reduced to the extent that the Member retires before the 60<sup>th</sup> birthday.

(c) ***Flexible Retirement***

You are able to start to receive some or all of your pension whilst remaining in service and continuing to accrue further benefits. It is envisaged this will be a particularly helpful facility for Members who wish to reduce their working hours prior to full retirement, by taking up a part-time position and supplementing income through their pension. The following guidelines apply:

- retirement taking a partial pension is permitted only with the agreement of the Trustee and you should apply for retirement at least 3 months before you wish to start drawing your pension
- you will only be permitted to receive your pension in 20% bands i.e. you may start to receive 20%, 40% etc of your accrued pension
- you can only increase the proportion of your pension taken once a year or when you reach Normal Pension Date (or if you need to retire early due to incapacity).

The Scheme Administrator will be pleased to provide you with quotations for retiring with only part of your pension coming into payment. However, only one calculation quotation will be provided each year free of charge. A charge (£75 for 2006) will be made to you for any additional quotations requested.

You should note that the provisions of paragraph (b) on early retirement above will apply to any pension taken before Normal Pension Date.

## **Late Retirement**

If you remain in service after Normal Pension Date you may have the option to defer receipt of your pension until you actually retire, or your 75<sup>th</sup> birthday if this is earlier, or to start to receive your pension.

If you defer your retirement your pension will be increased between your Normal Pension Date and the date you actually retire. The rate of increase will be determined by the Actuary and will be given to you before you make a decision about your retirement options.

If you have deferred your pension and die whilst still in service, your pension benefits will be calculated as if you had retired the day before you died.

## **OTHER INFORMATION**

### **Temporary Absence from Work**

If you are temporarily absent from work you can opt to either continue or defer payment of contributions on such terms as shall be determined by the Trustee.

### **Transfers from other Schemes**

If you have been a member of another scheme or have effected a personal pension policy with an insurance company, you may request the Trustee in writing to accept a transfer payment from that other scheme or insurance company in order to secure additional benefits in this Scheme. The amount of the additional benefits will be advised to you after consultation with the Actuary.

### **Disputes**

Complaints about the Scheme are generally resolved informally. However, if you are not happy with the result of the informal process, there is a formal procedure for resolving complaints. Details are available from the Scheme Administrator.

TPAS (The Pensions Advisory Service)

If you are not satisfied with the reply from the Trustee, you can contact TPAS (The Pensions Advisory Service) who will assist you with your complaint. TPAS is a free and confidential service and you should put your case in writing to them, together with correspondence from the Scheme's formal process.

TPAS has developed its role as a conciliation service between members and their pension schemes. It is available to assist members and beneficiaries of pension schemes in connection with difficulties which they have failed to resolve with the trustees or administrators of the scheme.

The address at which TPAS may be contacted is

TPAS  
The Pensions Advisory Service  
11 Belgrave Road  
London SW1V 1RB  
Website : [www.opas.org.uk](http://www.opas.org.uk)

### **The Pensions Ombudsman**

For disputes that cannot be settled with the assistance of TPAS, a Pensions Ombudsman has been established with powers of investigation similar to those of a county court.

The Pensions Ombudsman has the power to investigate and determine any complaint or dispute of fact or law concerning occupational and personal pension schemes. A complainant may appeal to the Pensions Ombudsman if they believe that they have been unfairly treated by the trustees or managers of an occupational or personal pension scheme.

The Pensions Ombudsman can be contacted by writing to

The Pensions Ombudsman  
11 Belgrave Road  
London SW1V 1RB  
Website : [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

### **The Pensions Regulator**

The Pensions Regulator has been established to monitor the running of occupational pension schemes. The Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties. The Pensions Regulator can be contacted at:

Napier House  
Trafalgar Place  
Brighton  
East Sussex BN1 4DW  
Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### **Pension Schemes Registry**

The Scheme has been registered with the Pensions Regulator at the Pension Schemes Registry and information concerning the Scheme has been given to the Registry including an address where the Trustee may be contacted.

The purpose of the register of occupational and personal pension schemes is to help individuals who have lost touch with their previous pension scheme to trace their rights. Extracts from the register relating to a particular scheme are available to any person entitled to benefit under the scheme on written request to

Pension Schemes Registry  
PO Box 1NN  
Newcastle-Upon-Tyne NE99 1NN

### **Annual Report**

Each year the Trustee produces an annual Report on the Scheme. The Report contains audited accounts, a statement from the Actuary, a review of the year from the investment manager and various other items of information. Copies of the report are available from the Scheme Administrator at the address given in the Introduction to this Booklet. From 2006 an annual funding statement giving up-to-date funding information will also be produced.

### **Pensions Sharing on Divorce**

The legislative requirements to enable pensions sharing on divorce have been incorporated into the Scheme rules. Further information, if required, can be obtained from the Scheme Administrator.

## **LEAVING THE SCHEME**

If you leave the Scheme before retirement the benefits you have built up during your membership will be calculated and you will be advised of your entitlements. The following options will be available:

### **Refund of contributions**

If you leave the Scheme before you have completed two years' Pensionable Service you will be entitled to take a refund of your personal contributions to the Scheme less income tax.

Alternatively, you may opt to receive a deferred pension payable from Normal Pension Date of such an amount as determined by the Trustees on the advice of the Actuary, to be equivalent to your personal contributions.

### **Deferred Benefits**

If you leave the Scheme having completed two or more years of Pensionable Service you will be entitled to a deferred pension payable from Normal Pension Date calculated by reference to Final Pensionable Salary and the period of Pensionable Service at the date you left. The deferred benefit will increase over the period from your date of exit from the Scheme to Normal Pension Date at the rate of 5% pa or the increase in the UK Index of Retail Prices over this period, whichever is lower.

A former member who has opted for deferred benefits and who has attained the age of 50 (increasing to age 55 from 6 April 2010) or would, in the opinion of the Trustee, have had to retire on grounds of permanent incapacity, may request payment of the deferred pension benefit before Normal Pension Date, but such pension will be reduced to allow for its early payment.

If you die before retirement with deferred benefits, a lump sum will be payable to your dependants or estate equal to the value of your personal contributions.

### **Transfer to another Scheme**

As an alternative to deferred benefits you may, at any time prior to retirement, transfer the value of your deferred benefits to another occupational scheme if it is willing and able to accept the transfer, or to a personal arrangement.

In addition, if you have completed between 3 months and 2 years of Pensionable Service you will be entitled to a transfer value representing the value of a notional deferred pension calculated as above. You must opt to take the transfer value within 6 months of receiving the details, or else entitlement to it will be lost.

The transfer value represents the value of the deferred benefits which would remain in the Scheme if you did not transfer them to another arrangement. Transfer values are calculated on the advice of the Actuary. The value of all your guaranteed benefits and guaranteed increases to pensions are included in the transfer value. The amount of your transfer value will depend on market conditions and so may go up or down over time. If you want to investigate the possibility of transferring your benefits, please apply to the Scheme Administrator for a quotation. If you request your transfer value to be paid within 3 months of the quotation then the amount paid is guaranteed to be the amount of the quotation. If more than 3 months have passed then a new transfer value will be given and this may be higher or lower than the first quotation. You are entitled to request a quotation of your current transfer value up to once every 12 months.

Before requesting a transfer you should seek independent advice as to whether such transfer would be in your financial interests.

**Opting out of the Scheme**

You must give 3 months' written notice to leave the Scheme whilst remaining eligible for membership. In this case you will be entitled to the benefits as described above.

You should seek independent advice before choosing to opt out of the Scheme.

### Example 1: Retirement at Normal Pension Date

A member is retiring at age 65 on 31 December 2006 after 30 years' service. Pensionable Salary at retirement is £17,000. The personal and Pensionable Service details are as follows.

Date of birth 31 December 1941

Date joined Scheme 1 January 1977

Pre 1987 service 120 months

1987 - 1994 service 96 months

Post 1994 service 144 months

Pensionable Salary history

at 1 January 2006 £17,000 pa

at 1 January 2005 £16,500 pa

at 1 January 2004 £15,750 pa

$$\begin{aligned} \text{Final Pensionable Salary} &= \frac{1}{3} \times [17,000 + 16,500 + 15,750] \\ \text{(average of last three years)} &= \frac{1}{3} \times 49,250 \\ &= £16,417 \text{ pa} \end{aligned}$$

Pension entitlement is:

$$\begin{aligned} &\left[ \frac{120}{600} \times 16,417 \right] + \left[ \frac{96}{960} \times 16,417 \right] + \left[ \frac{144}{840} \times 16,417 \right] \\ &= £7,739 \text{ pa} \end{aligned}$$

The member may elect to exchange up to £1,934.75 (25%) of this pension for a lump sum payable at retirement.

## Example 2: Retirement at Normal Pension Date

A member retires at age 65 after 40 years' service. The personal and Pensionable Service details are as follows:

Date of birth	31 December 1972
Date joined Scheme	1 January 1998
Normal Pension Date	31 December 2037
Pensionable Service Post 1994	480 months

The pension at Normal Pension Date based a Final Pensionable Salary of £17,000 would be as follows

$$\frac{480}{840} \times 17,000 = \text{£}9,714 \text{ pa}$$

The member may exchange up to £2,429 (25%) of this pension for a lump sum payable at retirement.

### Example 3: Ill health retirement benefit

A member retires 7 years early on 31 December 2006 at the age of 58 on account of serious ill health. The member is expected not to be able to work again. Pensionable Salary at the date of retirement is £17,000.

The personal and Pensionable Service details are as follows:

Date of birth	31 December 1948
Date joined Scheme	1 January 1975
Pre 1987 service	144 months
1987 - 1994 service	96 months
Post 1994 service	144 months
Final Pensionable Salary	£17,000 pa

Pension entitlement is

$$\left[ \frac{144}{600} \times 17,000 \right] + \left[ \frac{96}{960} \times 17,000 \right] + \left[ \frac{144}{840} \times 17,000 \right]$$

= £8,694 pa

The member may elect to exchange up to £2,174 (25%) of this pension for a lump sum payable at retirement.

#### Example 4: Payments on death in service

A member dies in service on 31 December 2006 at age 60. Pensionable Salary at date of death is £17,000. The personal and Pensionable Service details are as follows:

Date of birth	31 December 1946
Normal Pension Date (NPD)	31 December 2011
Date joined Scheme	1 January 1974
Pre 1987 service	156 months
1987 - 1994 service	96 months
Post 1994 Service - date of death	144 months
Post 1994 Service date of death - NPD	60 months

The member leaves a spouse entitled to a spouse's pension.

#### Cash lump sum

A cash lump sum equal to twice Pensionable Salary at date of death (£17,000) plus a refund of your contributions paid to the Scheme (£2,000) would be payable immediately

$$(\text{£}17,000 \times 2) + \text{£}2,000 = \text{£}36,000$$

A further lump sum of  $(\text{£}17,000 \times 2) = \text{£}34,000$  would be available to be paid either as a lump sum or to be converted into an additional spouse pension.

#### Spouse's pension

A pension equal to half the pension the member would have received had membership continued until Normal Pension Date, but based on Pensionable Salary at the date of death.

$$\frac{1}{2} \times \left\{ \left[ \frac{156}{600} \times 17,000 \right] + \left[ \frac{96}{960} \times 17,000 \right] + \left[ \frac{144 + 60}{840} \times 17,000 \right] \right\}$$
$$= \frac{1}{2} \times \text{£}10,249 \text{ pa}$$
$$= \text{£}5,125 \text{ pa}$$

Children's pensions, as determined by the Trustee, will be payable if you are not survived by a spouse.

### **Example 5: Payments on death after retirement**

A retired member dies 2 years after retirement but before age 75. At retirement the member had elected to commute some of the pension for a tax-free cash lump sum, leaving a residual pension at the date of death of £3,600 pa. The member leaves a spouse entitled to a full spouse's pension. The following benefits are payable:

#### **Pension guarantee**

A cash lump sum is payable equal to the balance of five years pension instalments

$$£3,600 \times 3 = £10,800$$

#### **Spouse's pension**

If the member had not chosen the cash option at retirement, the pension at that time would have been £4,000 pa. Including subsequent pension increases, this would have been £4,200 at the date of death. The spouse will receive a pension equal to half of this amount.

$$£4,200 \times \frac{1}{2} = £2,100 \text{ pa}$$

## Example 6: Options on leaving the Scheme

### Option 1

#### Refund of contributions

If the member has less than 2 years' Pensionable Service, a refund of the member's contributions plus interest will be payable, less tax chargeable by the Inland Revenue (but see Option 3 below).

For example:

Total personal contributions	£500.00
Interest on personal contributions	£45.00
Less tax £109.90	
Net amount repaid	£435.10

Alternatively, the member could opt to receive a deferred pension, payable from age 65. The amount of the deferred pension will be determined by the Trustee on the advice of the Actuary. If the member had between 3 months and 2 years of Pensionable Service, a transfer value would be available.

### Option 2

#### Deferred pension

If the member has 2 or more years Pensionable Service, the pension will be deferred until age 65 (but see Option 3 below).

For example:

A member leaves the Scheme on 31 December 2006. Final Pensionable Salary at the date of leaving is £16,500. The service details are as follows:

Pre 1987 service	12 months
1987 - 1994 service	96 months
Post 1994 service	144 months

The deferred pension is

$$\left[ \frac{12}{600} \times 16,500 \right] + \left[ \frac{96}{960} \times 16,500 \right] + \left[ \frac{144}{840} \times 16,500 \right] = £4,809 \text{ pa}$$

The pension payable at age 65 will be higher because of the increases granted before the pension comes into payment. For example, if the member is 45 at the date of exit from the Scheme and increases are at the rate of 3% pa, the pension payable at age 65 would be £8,686 pa.

The option of an early pension may be available, at the discretion of the Trustee, at any time from age 50 (increasing to age 55 from 2010).

### **Option 3**

#### **Transfer of benefits to another pension arrangement**

Regardless of the period of membership, the alternative of a transfer value (a cash payment) is available on request. Such a payment can be made to either a new employer's scheme, or a personal arrangement.

The transfer amount will depend on the member's service, deferred pension, age and investment conditions at the time of payment (see page 15).