

FREQUENTLY ASKED QUESTIONS

Classic Scheme (known as PCSPS up to September 2002)

Q1	How are my deferred benefits calculated?
A	<p>Our role in the administration of the Principal Civil Service Pension Scheme (PCSPS) is that of Paying Authority. We are required to process deferred retirement benefits into payment, following receipt of the completed application G59-Deferred (Personal Details Form). When you left employment you were provided with a benefit statement and accompanying notes, which explain that you should contact the Paying Authority three months prior to age 60 to claim your retirement benefits. When you contact us we will send you the PDF to start the process of paying your benefits.</p> <p>Our calculations are based on information provided to us by the relevant Pensions Administrator linked to the scheme member's former employers; these should mirror the benefit statement they gave you when you left service. If you wish to query the calculation of the basic amount you should contact the relevant Pensions Administrator. For further details of the Civil Service Pension Scheme, including contact details of employers and awarding departments, please use the following link</p> <p>The amount of benefits depend on the amount of pensionable pay and length of reckonable service.</p> <p>Your pension is calculated as follows:</p> $\frac{\text{Pensionable pay} \times \text{Reckonable service}}{80} = \text{Annual Pension}$ <p>Your lump sum, which is payable free of tax, is calculated as follows:</p> $3 \times \text{Annual Pension} = \text{Lump sum.}$ <p>The lump sum will be reduced if there are outstanding contributions to be paid in respect of benefits for your widow or widower or for incapacitated children where a nomination has been made during service.</p> <p>The extent of our involvement in calculations is to apply Pensions Increase to the award to bring the initially awarded benefits up to date.</p>

Q2	Can I choose to give up the whole or part of my lump sum for an increase in pension?										
A	<p>You can choose to give up the whole or part of your initial lump sum (in multiples of £100 where the whole of the lump sum is not being surrendered) in exchange for:</p> <p style="text-align: center;">An increase in your pension (Option A) or An increase in your own pension and that of your spouse (Option B)</p> <p>If you decide to surrender all or part of your lump sum for an additional pension the calculation would be based on your initial pension and lump sum. The calculation of your commuted benefits will be undertaken by your Pensions Administrator. For every £100 of lump sum you surrender the table below shows the additional initial annual pension commuted.</p> <table border="1" style="width: 100%; text-align: center;"> <tr> <td>Option A</td> <td>Male</td> <td>£4.83</td> <td>Female</td> <td>£4.69</td> </tr> <tr> <td>Option B</td> <td>Male</td> <td>£4.55</td> <td>Female</td> <td>£4.59</td> </tr> </table> <p>Option B enables you to surrender part (or all) of your lump sum in exchange for an increase in your own pension and also an increase in the pension which would be paid on your death to your widow or widower.</p>	Option A	Male	£4.83	Female	£4.69	Option B	Male	£4.55	Female	£4.59
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	Pensions Increase is applied to the initial benefits when they have been re-calculated.
Q3	What are the timescales for opting to commute my benefits?
A	<p>If you decide to commute all or part of your lump sum you must make this option before you benefits have been put into payment. Once they have been put into payment they cannot be changed.</p> <p>Once you have made an option to surrender your lump sum, you may not change it unless your marital status changes (in such a way that your option is no longer viable), between the time of making your declaration and midnight on the day before your benefits are due to come into payment. In those circumstances you may either cancel your option altogether or change it so that your superannuation lump sum is exchanged for an increase in just your own pension.</p> <p>If you are in doubt as to how the options set out would affect your personal financial position please obtain independent financial advice before proceeding.</p>
Q4	How and when is my pension increased?
A	<p>Pensions in payment are increased annually in line with the cost of living based on factors provided by HM Treasury in the April of each year. These increases are paid to all pensioners aged 55 or over or receiving an ill-health or a dependant's pension.</p> <p>The increase you receive depends on the date on which your pension began. If your pension starts on or after the date of the Treasury's review order in the previous year you may receive a lower percentage.</p> <p>Your first pension payment after the date of the Treasury's review order will only include the increase for the period after that date. Subsequent payments will be paid at the increased rate.</p> <p>Where a pension includes a Guaranteed Minimum Pension (GMP) part of the increase will be paid by the Government with your State pension. This will not affect the total amount of pensions increase you will receive. (See reference to GMP below)</p>
Q5	The due date of my lump sum is after this year's Pensions Increase. Am I entitled to any further Pensions Increase on my lump sum
A	<p>Pensions Increase is applied to your lump sum from the deemed date (usually the day following your last day of pensionable employment) to 60th birthday. We will apply the factors based on HM Treasury's review order in the April immediately prior to your 60th birthday. The following April you will be entitled to an additional payment representing the period from the date of the last increase to your 60th birthday.</p>
Q6	What is a Guaranteed Minimum Pension (GMP)
A	<p>In 1978 the Government introduced the State Earnings Related Pensions Scheme (SERPS) which gave employees the opportunity to pay a higher rate of NI contributions in line with their salary to provide a larger state pension on retirement.</p> <p>The PCSPS is an occupational pension scheme which is contracted out of SERPS. Members who were already paying contributions into a salary-related pension scheme, were contracted out of SERPS. The PCSPS must therefore guarantee to pay a pension at a rate no lower than a pensioner would have received if he or she had stayed in SERPS. This rate is known as the GMP. Your civil service pension generally provides a pension above the guaranteed level.</p> <p>Your GMP forms part of your civil service pension; it is not an addition to it.</p> <p>Any queries regarding the GMP or your state pension should be directed to HM Revenue & Customs at the following address: -</p>

	HM Revenue & Customs NI Contributions Office Contracted-out Employment Longbenton Newcastle Upon Tyne NE98 1ZZ
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Q7	What effect will the Guaranteed Minimum Pension (GMP) have on my pension?
A	<p>If you were a member of the pension scheme between 6 April 1978 and 5 April 1997 and also receive a State Pension, Pensions Increase will be applied in two elements.</p> <ul style="list-style-type: none"> ▪ for service up to 5 April 1988 the Government will pay pensions increases on your GMP with your State Pension ▪ for service between 6 April 1988 and 5 April 1997 we will pay pensions increase up to 3%. In years where the pensions increase is over 3% the Government will pay the balance with your State Pension. <p>We will send you a pay advice which shows the increased annual rate of pension including the affect of the GMP.</p>

Q8	What is National Insurance (NI) Modification?
A	<p>Modification is the term given to a reduction which is made to a PCSPS pension when the member reaches retiring age (age 65 (men); 60 women)).</p> <p>When the National Insurance scheme was made compulsory in 1948, employers were allowed to modify their occupational pension schemes so that two pensions were not paid for the same period of service. The occupational scheme was modified to take account of the benefits and contributions payable under the National Insurance scheme.</p>