



Dear Pensioner

Important information about your pension: April 2007

This notice contains news and important information about your Civil Service pension, including a section on things you need to tell us about.

References to **classic** mean the pension scheme that applied to everyone who left employment before 1 October 2002. Staff in post on 30 September 2002 could opt to stay in **classic** or transfer to new **premium** or **classic plus** arrangements.

Your Certificate of Pay and Income Tax for 2006/7 (P60) and your pay advice are enclosed.
Please keep these important documents and this letter in a safe place.

Capita Hartshead's ("Capita") contact centre

Unless stated otherwise, you should address all enquiries about your pension to Capita's contact centre. Capita's contact centre is open from 8.30am to 6pm Monday to Friday. However, the lines are always extremely busy on a Monday. If your call is not urgent you may find it more convenient to contact us between Tuesday and Friday.

The number to call is: **0870 1699 700**
Capita's fax number is: **0870 1699 720**
Calls may be monitored or recorded for quality and training purposes.

Capita's address is:

PO Box 215,
Mowden Hall,
Darlington,
County Durham
DL3 9GT

The e-mail address for general enquiries is: **csp.enquiries@capita.co.uk**

Please do not use e-mail to notify a change in your personal details e.g. a change of address or banking details. Changes to personal details must still be notified by telephone, in writing or via our website.

You can also view your payslip and P60 details on-line by registering with the pensioner website. Please visit **www.csp.capitahartshead.co.uk** for further details.

Please **do not** contact Paymaster. Capita has been paying Civil Service pensions since 1 October 2002. Paymaster (1836) Ltd no longer pays your pension and has passed all its records to Capita.

Your pay advice and P60

Your pay advice shows the new annual rate of your pension. It also gives details of your next payment. The monthly rate will apply as long as your annual rate, tax liability or other deductions do not change. The tax deducted from your pension may vary slightly from payment to payment due to variations in the tax tables.

If you paid tax on your pension, your P60 is printed on the other side of your pay advice. Your P60 will give you details of the pension we paid you and the tax deducted in the tax year 2006/07.

The amount before tax shown on your P60 is usually different from the yearly rate paid for most of that year. This is because the first payment you received in the tax year included one or more days before the last increase on 10 April 2006, or your pension started during the tax year, or it was not paid in full for the whole of the tax year.

The Tax Office tells us how much tax to take from your pension through your tax code. If you want to ask about your tax code or tax liability, please write to HM Inspector of Taxes South Wales Area Office, Government Buildings, Ty Glas, Llanishen, CARDIFF CF14 5YA or telephone 0845 300 3949. You will need to quote your National Insurance number and tax office reference, which can be found on your pay advice or form P60, as well as your pension reference number.

2007 Pensions Increase

If you are over age 55 or if your pension is an ill health, widow's, widower's, civil partner's, partner's or child's pension you will receive an increase to your pension.

The new rate will be payable from 9 April 2007. The full increase is 3.6%. This is based on the rise in retail prices in the 12 months ended 30 September 2006.

The increase you receive depends on the date on which your pension began. You may receive a lower percentage if your pension started on or after 25 April 2006. If it started on or after 25 March 2007 you will receive no increase this year.

Your first pension payment after 9 April 2007 will only include the increase for the period after that date. Subsequent payments will be at the new amount.

Guaranteed Minimum Pension (GMP)

If you were a member of the pension scheme between 6 April 1978 and 5 April 1997 and also receive a State pension, your increase may be affected by the application of the GMP rules. This is because your Civil Service pension was contracted out of the State Earnings Related Pension Scheme. From your State pension age, some of the pensions increase relating to your GMP is paid with your State pension instead of with your Civil Service pension. The net effect is that the overall increase in your pensions will be the same as if the full increase had been paid with your Civil Service pension. The scheme will pay the full pensions increase with your Civil Service pension until your State pension becomes due.

Who pays Pensions Increases on the GMP element of my pension?

The GMP consists of two elements:

- + 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 the scheme will pay pensions increase up to 3%. In years when the pensions increase is over 3%, the Government will pay the balance with your State pension.

Your pay advice shows the increased annual rate of your pension. It includes a breakdown of how your pension has been increased, including the impact of any GMP.

National Insurance modification

In **classic**, pensions are reduced from state pension age to take account of the basic National Insurance pension. If you are a **classic** pensioner, the initial rate of your pension is reduced from state pension age by £1.70 a year for each year of reckonable service before 1 April 1980. This reduced pension is then increased in line with inflation from your last day of service, and increased each April in the normal way.

Lifetime Allowance (LTA)

HM Revenue and Customs, formerly Inland Revenue, introduced new pension rules from 6 April 2006. These included the introduction of a pension Lifetime Allowance (LTA). The LTA is the maximum value of pension that can be taken from all pension schemes before an additional tax charge is due (the LTA charge). The LTA charge will affect a very small percentage of people; only those who have a high value pension.

The LTA value is assessed at the time you start your pension – it does not affect the total amount of pension you can receive in your lifetime. The LTA was initially set for 2006-07 at £1.5 million, equivalent to a pension of £60,000 a year. The LTA will rise over time and by 2010 will have increased to £1.8 million.

The LTA charge will only apply to you if you have a pension starting after 5 April 2006 and the total amount of your pensions exceeds at least £60,000 a year. State benefits and dependants' pensions are not included in this calculation. If you have no further pensions starting after 5 April 2006, or if you have a new pension starting after that date and all your pensions added together will be less than £60,000 a year, the LTA charge will not affect you.

If any of your Civil Service pension benefits started after 5 April 2006, the total value of your Civil Service pensions will be shown as a percentage of the LTA on your P60.

Changes you need to tell us about

Capita's contact centre enables us to deal with your enquiries as quickly as possible. If you have a question about your pension payments or wish to tell us about a change in your circumstances, please call the contact centre. Alternatively, you can now make changes to some of your personal details on our website www.csp.capitahartshead.co.uk

Please tell Capita straight away if:

- + you change your address, bank or building society details. (If you receive more than one pension from Capita, please quote the reference numbers of all pensions to which the change applies. If you call to notify a change to your bank or building society account, please have your old and new account details to hand.);
- + you are thinking about taking up employment or you are already re-employed in employment covered by the Civil Service pension scheme;
- + you receive a widow's, widower's or civil partner's pension and remarry, enter a civil partnership or live with another person as man and wife or as civil partners;
- + you register a civil partnership (your civil partner may be entitled to a survivor's pension);
- + the payment you receive is a child's pension and there is any change in circumstances which may affect payment of the pension. If the child is over the age of 17 you must tell Capita immediately when the child ceases full time education or training.

Please tell your next of kin or other representative that in the event of your death they must tell Capita without delay. Your pension ends on the date of your death and any overpayment must be repaid. If your surviving spouse, civil partner or partner is eligible for a pension we will issue an application form so that they can apply for their own pension in their own right.

Bereavement - How much will my dependants get on my death?

I am a classic scheme member.

The amount of your widow(er)'s pension will depend on what contributions you paid and the period you paid them for. If you joined **classic** on or after 1st June 1972 (male scheme members) or 1st July 1987 (female scheme members), the widow(er)'s pension is one half of your pension.

If you are a man and were married to your current wife before you retired, your widow will get a pension of:

- + one half of your pension based on your service on or after 1 June 1972; plus
- + one third of your pension based on service before then.

If you paid extra contributions for service before 1 June 1972, she will get a half rate pension for that period instead of a third rate pension.

If you are a woman and were married to your current husband before you retired, your widower will get a pension of one half of your pension based on your service on or after 1 July 1987. If you paid extra contributions for service before that date he will get the additional benefit you paid for.

In all cases we will pay a short term increase to their pension for the first 91 days (longer if you have children) to bring their total pension up to the same rate as your pension.

If you are a man and were in service before 1 June 1972 you could opt out of paying contributions for a widow's pension. In such cases there would be no widow's pension payable. This option was no longer available after 6 April 1978. Therefore, for male scheme members who had opted not to pay widows' benefit contributions and left service after that date, the widow's pension will only be based on service after 6 April 1978.

If you were married after you retired, payment of widow's benefits is worked out using service after 6 April 1978 only; and payment of widower's benefits is worked out using service after 6 April 1988 only.

If you have a civil partner, your civil partner's pension is one half of your pension based on your service from 6 April 1988.

The **classic** scheme guarantees payment of five times the member's gross annual pension on retirement. This means that if you die within approximately two years of retiring, your spouse/civil partner may be entitled to a lump sum payment. The original retirement lump sum (normally three times the annual pension rate) and the gross amount of pension paid to the date of death are taken into account in working out whether there is an amount due. Lump sum death benefits are paid to the person that you nominated to receive the death benefit lump sum. If there is no nomination on file, the lump sum is paid to the executor of the estate.

I am a classic plus member.

Your widow(er) will get a pension of:

- + a pension based on the **classic** rules for your service before 1 October 2002; plus
- + 3/8ths of your pension based on service after 30 September 2002 before any reduction that was used to provide you with a lump sum.

If you have a partner who you nominated to receive a pension in the event of your death, they will get a pension of 3/8ths of your pension based on your service after 30 September 2002 before any reduction that was used to provide you with a lump sum.

If you are more than 12 years older than your widow(er) or partner, they will receive less pension. We will reduce their pension by an amount that has been worked out by our Actuary.

If you have a civil partner, they will get a pension of:

- + 1/2 of your pension based on your service between 6 April 1988 and 30 September 2002; plus
- + 3/8ths of your pension based on service from 1 October 2002 before any reduction that was used to provide you with a lump sum.

If you are more than 12 years older than your civil partner, they will receive less pension. We will reduce the element of your pension based on your service from 1 October 2002 by an amount that has been worked out by our Actuary.

In all cases if you die within five years of starting to draw your pension, we will pay a lump sum representing the balance of:

- + five years' pension based on your service from 1 October 2002; plus
- + if you die within two years of starting to draw your pension, two years' pension based on your service before 1 October 2002,

minus any pension already paid.

I am a premium scheme member.

Your spouse/nominated partner/civil partner's pension is 3/8ths of your pension before any reduction that was used to provide you with a lump sum.

If you are more than 12 years older than them, they will receive less pension. We will reduce their pension by an amount that has been worked out by our Actuary.

If you die within five years of starting to draw your pension, we will pay a lump sum representing the balance of five years' of your pension minus any pension already paid.

Re-marriage or new relationships

If you receive a widow's, widower's or civil partner's pension and remarry, enter a civil partnership or live with another person as man and wife or as civil partners, and you have:

- + a **classic** dependant's pension, the pension will normally stop. However, it may start again if the new relationship comes to an end, or if there have been unforeseen events during the relationship that caused you severe financial difficulties;
- + a **classic plus** dependant's pension, we will normally stop the part of your pension based on service before 1 October 2002. The part based on service from 1 October 2002 continues for the rest of your life.
- + A **premium** dependant's pension continues for life, even if you enter a new relationship.

News

Re-employment

If you are re-employed in an organisation covered by Civil Service Pensions, your pension may be affected. Any impact is based on your pay when you left. From 1 April 2007, we changed the way we take account of the pay on leaving the first employment. You could be better off if, in the year before you retired, you went part time, or you received a permanent pensionable allowance (other than London weighting). If you are currently re-employed and think the new rules will benefit you, contact your employer's pensions administrator.

Equitable Life

Equitable Life announced the transfer of some of its non-profit pension annuity business to Canada Life in 2006. We would like to assure you that if your Equitable Life CSAVC annuity is transferred to Canada Life it will not affect the payment of your CSAVC pension annuity nor will it affect the Minister's guarantee on your annuity. This means that if for any reason Canada Life fail to pay your CSAVC pension annuity, the Civil Service will continue the payments on their behalf. If you have a CSAVC with Equitable Life and have not yet drawn your CSAVC pension benefits, this transfer will not affect you in any way.

New pension arrangements

There will be new pension arrangements for new entrants starting work on or after 1 July 2007. These will not affect pensions that are preserved or in payment. You will not be affected unless you are re-employed in an organisation covered by the Civil Service pension arrangements.

Information

What to do if things go wrong

We make every effort to get things right. However, occasionally things go wrong and it is a cause of great concern when this happens. We treat all complaints with urgency and do our utmost to put matters right as quickly as possible.

If you do encounter difficulties please write to Capita's Customer Services Manager at the PO Box 215 address with details of your concern. We will try to give you a full reply within ten working days. However, sometimes we are unable to do so because, for example, we have to contact another organisation. In this case we will send you an interim reply. This will explain what we are doing, tell you who is handling your complaint, and when we expect to send you a full reply.

Data Protection Act

Capita will, at all times, abide by the terms of the Data Protection Act 1998. Your personal details will be used to help pay your pension. Along with other organisations, the Cabinet Office takes part in the Audit Commission's National Fraud Initiative. We provide your pension details to the Audit Commission so that they can compare them with information held by other public bodies to identify cases where pensions are still being paid despite the pensioner's death. These data matching exercises meet the requirements of the data protection law. Your personal data will not be shared with any other body for any other purpose, nor will your details be processed outside the UK.

From time to time the Civil Service Benevolent Fund, the Civil Service Retirement Fellowship, the Civil Service Pensioners' Alliance, Civil

Service Healthcare, Civil Service Insurance Society and the Lifeboat Fund ask us to send material on their behalf. If you do not wish to receive these communications, please write to The Data Protection Officer, Capita Hartshead at the PO Box 215 address.

Useful Addresses

Cabinet Office

Grosvenor House, Basing View, Basingstoke
Hampshire
RG21 4HG
Website: www.civilservice-pensions.gov.uk

Civil Service Benevolent Fund

Fund House, 5 Anne Boleyn's Walk,
Cheam, Sutton
SM3 8DY
Tel: Freephone 0800 056 2424
Email: info@csbf.org.uk

Civil Service Pensioners' Alliance

145 -151 London Road, Croydon
CR0 2RG
Tel: 020 8688 8418
Email: enquiries@cspa.co.uk
Website: www.cspa.co.uk

Civil Service Retirement Fellowship

Suite 2, 80A Blackheath Road,
London
SE10 8DA
Tel: 020 8691 7411
Email: info@csrf.org.uk
Website: www.csr.org.uk

CS Healthcare

Princess House, Horace Road,
Kingston-upon-Thames
KT1 2SL
Website: www.cshealthcare.org.uk

Civil Service Insurance Society

7 Colman House, King Street, Maidstone
ME14 1DD
Tel: 0845 6077 444
Website: www.csis.co.uk

Pension Tracing Service

The Pension Service
Tyneview Park, Whitley Road,
Newcastle upon Tyne
NE98 1BA
Tel: 0845 6002 537