



Dear Pensioner

### **Important information about your pension: April 2008**

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

In this letter when we refer to **classic**, this means 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 the new **premium** or **classic plus** schemes.

Your certificate of Pay and Income Tax for 2007/8 (P60) and your pay advice are enclosed. **Please keep these important documents and this letter in a safe place.**

### **What to do if you have a question about your pension**

Unless told otherwise, you should address all questions you have about your pension to Capita Hartshead's (**Capita**) contact centre. The contact centre is open from 8.30am to 6pm Monday to Friday. However, their lines are always extremely busy on a Monday. If your call is not urgent you may find it more convenient to call them between Tuesday and Friday.

The number to call is: **0870 1699 700** Capita's fax number is: **0870 1699 720**

Capita's address is: PO Box 215  
Mowden Hall  
Darlington  
County Durham  
DL3 9GT

Capita's e-mail address for general enquiries is: [csp.enquiries@capita.co.uk](mailto:csp.enquiries@capita.co.uk)

Please do not use e-mail to tell Capita of a change in your personal details, e.g. a change of address or bank details. You must tell Capita of these changes by telephone, in writing or via their website, [www.csp.capitahartshead.co.uk](http://www.csp.capitahartshead.co.uk).

You **must not** contact Paymaster about your pension. Capita has been paying your pension since 1 October 2002, and they hold your pension records.

## Your pay advice and P60

Your pay advice shows your new annual rate of 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. This is due to variations in the tax tables.

If you pay tax you will find your P60 printed on the back of your pay advice. Your P60 tells you the amount of pension Capita paid you and the tax deducted in the year 2007/08.

The amount of pension before tax shown on your P60 will not normally be the same as your annual rate paid for most of the tax year. This may be because the first payment made to you in the tax year included one or more days before your pension was increased on 9 April 2007; your pension started during the tax year; or it was not paid in full for the whole tax year.

The Tax Office gives Capita the tax code they use to work out the deduction from your pension. If you have a question about your tax code or tax liability you should write to HM Inspector of Taxes South Wales Area Office, Government Buildings, Ty Glas, Llanishen, Cardiff, CF14 5YA. The telephone number is 0845 300 3949. You will need to quote your National Insurance number and tax reference. You can find these numbers on your pay advice and P60 along with your pension reference number.

### 2008 Pensions Increase

If you are over age 55 or if you are paid an ill health, widow's, widower's, civil partner's or child's pension it will have been increased from 7 April 2008. The full increase is 3.9%. This is based on the rise in retail prices in the 12 months ending 30 September 2007.

The amount by which we increase your pension depends when it began. We will

increase your pension by a lower percentage if it started on or after 9 April 2007. Your pension will not be increased this year if it started on or after 23 March 2008.

Your first pension payment after 7 April 2008 will include the increase for the period after that date. Future payments will be at your new annual rate.

### Guaranteed Minimum Pension (GMP)

As the Civil Service scheme was contracted out of the State Earning Related Pension Scheme you have a GMP if you were a scheme member between 6 April 1978 and 5 April 1997. This means the pension we pay you must equal or exceed your GMP. Capita increases the whole of your Civil Service pension, including the GMP element, until you are paid your State pension. Once your State pension becomes payable, increases to the GMP element of your Civil Service pension are paid as follows:

- for service up to 5 April 1988 the Government will pay pension increases to your GMP with your State pension.
- for service between 6 April 1988 and 5 April 1997 Capita will increase your pension up to 3%. In years when the increase exceeds 3% the Government will pay the balance with your State pension.

The effect of this 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.

Your pay advice shows the increased annual rate of your pension. It includes a breakdown of how your pension was increased and the effect on your GMP.

### National Insurance modification

If you were a **classic** member your pension may be reduced when you reach State pension age to take account of basic National Insurance pension. The rate of your basic pension, that is before pension increases were applied, will be reduced by

£1.70 a year for each year of your reckonable service before 1 April 1980. The reduced pension is then increased by full pension increases since your pension came into payment.

### **Lifetime Allowance (LTA)**

HM Revenue and Customs (HMRC), formerly Inland Revenue, introduced new tax rules for pension schemes from 6 April 2006. These included the introduction of a pension LTA. The LTA is the maximum value of pension an individual can take from all pension benefits before they are charged additional tax (the LTA charge). The LTA in the tax year 2008/2009 is £1.65 million. This is equivalent to a pension in excess 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, therefore, affect a very small number of people.

The value of pension benefits is tested against the LTA when they come into payment. **The LTA test applies only to pensions starting on or after 6 April 2006. If the value of an individual's pension from all sources, except State pension, exceed £60,000 they may be charged additional tax. Dependents' pensions are excluded from this calculation.** If you have no further pensions due to come into payment or if you have another pension starting but all your pensions added together have a value of 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 benefits will be shown as a percentage of LTA on your P60.

### **Changes you need to tell Capita about**

Capita's contact centre enables them to deal as quickly as possible with your questions. Please call them if you have a question about the payment of your

pension or need to tell them about a change in your circumstances. Alternatively you can now make changes to some of your personal details via the website [www.csp.capitahartshead.co.uk](http://www.csp.capitahartshead.co.uk)

It is important that you tell Capita of the following changes in circumstances straightaway:

- a change in your address, bank or building society details. (If Capita pay you more than one pension please quote the reference numbers of all the pensions to which the change applies). If your bank or building society details have changed please have the old and new account details at hand.
- If you are thinking of taking up employment or have already been re-employed by an employer covered by the Civil Service pension arrangements.
- If Capita pay you a widow's, widower's or civil partnership pension and you remarry, enter into a civil partnership or live with another person as man and wife or civil partners.
- If you register a civil partnership after your retirement (your civil partner may be entitled to a survivor pension).
- If you are being paid a child's pension you must tell Capita if the child is over 17 (18 for **premium** and **classic plus**) and stops full time education or training.

Please tell your next of kin or other representative that they must tell Capita about your death without delay. Your pension ends on the date of your death and we will recover any pension overpayment. If your surviving spouse, civil partner or partner is entitled to a pension Capita will send them an application form so they can apply for their pension.

### **Bereavement – How much will my dependants get on my death?**

#### **I am a classic scheme member.**

The amount of widow's or widower's pension we will pay depends on the

contributions you paid and how long you paid them for.

#### **Man who joined:**

- **classic on or after 1 June 1972** the widow's pension will be one half of your own pension. This is if you were married to your wife when you left the scheme.
- **classic before 1 June 1972.** If you were married to your current wife before you retired, your widow's pension will be:
  - one half of your pension based on your service **since** 1 June 1972; plus
  - one third of your pension based on your service **before** 1 June 1972. If you paid extra contributions for your service before this date she will be paid half of your pension for this period instead of a third.

A man in service before 1 June 1972 could opt out of contributing towards a widow's pension. If you opted out of making contributions, no widow's pension will be paid if you retired before 6 April 1978. From this date all male scheme members were obliged to contribute towards a widow's pension. Therefore, if you opted not to pay widow's pension scheme contributions until you were obliged to do so, the widow's pension will be based on your service from 6 April 1978.

If you have married since your retirement, your widow's pension will be based on your service from 6 April 1978.

**Woman** If you were married to your current husband before you retired, your widower will get a pension of half of your own based on your service since 1 July 1987. If you paid extra contributions for your service before that date he will get additional benefit.

A widower of a post retirement marriage will be paid a pension based on your service since 6 April 1988 only.

**Civil partner** If you have a civil partner their pension will be equal to one half of your own pension based on your service from 6 April 1988.

**All cases** In all cases we will pay a short term increase to their pension for the first 91 days (longer if there are dependent children) to bring their pension up to the same rate as your pension.

Following the death in retirement of a **classic** member a lump sum death benefit may be payable. Capita work this out as the difference (if any) between five times the pensioner's annual pension on the date they died and the total of pension and lump sums they have already been paid. Capita will pay any lump sum to the person the pensioner nominated to receive it or to their personal representatives. It is important, therefore, that you review your death benefit nomination during the first years of your retirement.

#### **I am a classic plus member**

Your widow, widower or civil partner will get a pension worked out in two parts:

- a pension based on **classic** rules for your service before 1 October 2002. For civil partners the pension will be based on your service between 6 April 1988 and 1 October 2002.
- $\frac{3}{8}$ <sup>th</sup> of your pension based on your service since 1 October 2002 before any reduction you opted for to give you a lump sum.

If you nominated your partner to be paid a pension after your death it will be based on  $\frac{3}{8}$ <sup>th</sup> of the pension you earned since 30 September 2002 before any reduction you opted for to give you a lump sum.

If you are 12 or more years older than your widow, widower or partner they will be paid less pension. We will reduce the pension by an amount worked out by our actuary. This reduction will not apply to the pension based on your service before 1 October 2002.

If you die within 5 years of your pension being paid a lump sum may be paid. Capita work this out as the difference between:

- five years' pension based on your service from 1 October 2002; plus
  - (if you die within two years of your pension beginning), two years' pension based on your service before 1 October 2002,
- less any benefit we have already paid you.

Capita will pay any lump sum to the person the pensioner nominated to receive it or to their personal representatives. It is important, therefore, that you review your death benefit nomination during the first years of your retirement.

### **I am a premium scheme member**

Your spouse, nominated partner or civil partner's pension is  $\frac{3}{8}$ <sup>th</sup> of your pension before any reduction made to give you a lump sum.

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

If you die within 5 years of your pension beginning we will pay a lump sum representing five years' of your pension, less any pension we have already paid you. Capita will pay any lump sum to the person the pensioner nominated to receive it or to their personal representatives. It is important, therefore, that you review your death benefit nomination during the first years of your retirement.

### **Re-marriage or new relationships**

If we are paying you a widow's, widower's or civil partner's pension your entitlement may be affected if you re-marry, enter into a civil partnership or live with another person as man and wife or civil partners. In those circumstances:

- a pension paid under **classic** will normally stop. However, we may pay the pension again if your new relationship comes to an end or you encounter unforeseen events during the relationship that cause you severe financial difficulties.
- If your pension is paid under **classic plus**, that part of the pension based on the member's service before 1 October 2002 will stop. The part of your pension based on the member's service from 1 October 2002 continues for the rest of your life.

If your pension is paid under **premium** we will continue to pay your pension even if you enter into a new relationship.

## **News**

### **Civil Service Additional Voluntary Contributions (CSAVC) -Equitable Life**

On 31 December 2007 Equitable Life transferred their With-Profits annuities to the Prudential. If your annuity was part of this transfer the Prudential will have already told you about what this means for you. We would like to reassure you that this transfer will not affect the Minister's guarantee on your annuity. If the Prudential fails to pay your CSAVC With-Profit annuity the Civil Service will pay it on their behalf. If you have not yet drawn your Equitable Life CSAVC benefit you are unaffected by the transfer to the Prudential.

### **Death Benefit**

Our planned change to the **classic** scheme will allow you to nominate more than one person to be paid death benefit. Once we have made the change you can get a new nomination form from [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk). Alternatively you can ask Capita for a form. You should send your form changing your nomination to Capita at the PO Box 215 address. **You should read our description earlier in this letter of when death benefit may be paid.**

## 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 concern to us when this happens. We treat complaints with urgency and do our utmost to put things right as quickly as possible.

If you do have problems with the payment of your pension please write to Capita's Customer Services Manager at the PO Box 215 address setting out your concerns. We will investigate your concerns and try to give you a reply within ten working days. However, sometimes we are unable to meet this deadline because for example we need to contact other organisations. In this case we will send you an interim reply. This will explain what we are doing to try to resolve your concerns and who is handling your complaint. We will also tell you when we expect to give you a full reply.

### Data Protection Act 1998 (the DPA)

Capita will at all times comply with the terms of the DPA. Your personal details will be used to pay your pension. Along with other organisations the Cabinet Office takes part in the Audit Commission's National Fraud Initiative. We give the Audit Commission your pension details so they can compare them with the information held by other public bodies. This exercise identifies pensions still being paid despite the pensioners' death. These data matching exercises meet the requirements of the DPA. Your personal details will not be shared with any other body for any other purposes nor will they be processed outside of the UK.

From time to time the Civil Service Benevolent Fund, the Civil Service Retirement Fellowship, the Civil Service Pensioners' Alliance, Civil Service Health Care, Civil Service Insurance Society and the Lifeboat Fund ask us to send material to you on their behalf. If you do not wish to be sent this material please write to

Capita's Data Protection Officer at the PO Box 215 address.

### Useful addresses

Cabinet Office  
Grosvenor House, Basingview,  
Basingstoke, Hampshire, RG22 4DU  
You can find our website at  
[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

Civil Service Benevolent Fund,  
Fund House,  
5 Anne Boleyn's Walk, Cheam, Sutton,  
SM3 8DY  
Telephone : Freephone 0800 056 2424  
Email: [info@csbf.org.uk](mailto:info@csbf.org.uk)

Civil Service Pensioners' Alliance  
First Floor  
102 – 104 Park Lane, Croydon  
CR0 1JB  
Telephone: 020 8688 8418  
Email: [enquiries@cspa.co.uk](mailto:enquiries@cspa.co.uk)  
[www.cspa.co.uk](http://www.cspa.co.uk)

Civil Service Retirement Fellowship  
Suite 2, 80A Blackheath Road,  
London, SE10 8DA  
Telephone: 020 8691 7411  
Email: [info@csrf.org.uk](mailto:info@csrf.org.uk)  
[www.csrf.org.uk](http://www.csrf.org.uk)

CS Healthcare  
Princess House, Horace Road,  
Kingston-upon-Thames, KT1 2SL  
[www.cshealthcare.org.uk](http://www.cshealthcare.org.uk)

Civil Service Insurance Society  
7 Coleman House, King Street, Maidstone,  
ME14 1DD  
Telephone: 0845 6077 444  
[www.csis.co.uk](http://www.csis.co.uk)

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