



In Touch

your pension newsletter

Issue no. 7 • April 2006

Welcome to the 2006 Civil Service Pensioners' Newsletter. It is published by the Cabinet Office and Capita. Unless stated otherwise in this newsletter, you should address all enquiries about your pension to Capita's contact centre.

This newsletter contains news and important information about your pension. We hope you find the information provided helpful. Your Certificate of Pay and Income Tax for 2005/6 (P60) and combined pay advice are enclosed. Please keep this important information in a safe place.

References to **classic** in this newsletter 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 Pay Advice and your 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 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 2005/2006.

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 11 April 2005, 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 Revenue and Customs, 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 PAYE reference, which can be found on your pension advice or form P60, as well as your pension reference number.

2006 Pensions Increase (PI)

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 10 April 2006. The full increase is 2.7%. This is based on the rise in retail prices in the 12 months ending 30 September 2005.

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 26 April 2005. If it started on or after 26 March 2006 you will receive no increase this year.

Your first pension payment after 10 April 2006 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 GMP rules. This is because your occupational pension scheme was contracted out of the State Earnings Related Pension Scheme (SERPS). Please refer to your statement from DWP (Department of Work and Pensions, formerly DSS) for confirmation, shown under Contracted Out Deductions.

How is GMP increased ?

The GMP consists of two elements:-

- **Pre 1988**, For service up to 5 April 1988, the Government will pay all PI on your GMP with your State pension.
- **Post 1988** For service after 5 April 1988, PI up to 3% is paid by the scheme. Therefore, this year the scheme will be paying the full amount. In years when the PI is over 3%, the balance will be paid by the Government with your State pension.

A breakdown of how your pension has been increased to show the impact of any GMP and the increased annual rate is shown on the enclosed pay advice.

Bereavement

Please tell your next of kin or other representative that in the event of your death they must inform us 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 as soon as possible. We will pay the pension to the surviving spouse, civil partner or partner in his or her own right and they will be notified of their pension benefits on completion of the application.

How much will my dependants get on my death?

If you are a former member of **classic** or **classic plus**, please bear in mind that any pension payable on your death may vary according to when you completed your pensionable service:

Service before 1978	Pension paid to widow provided you married while in service
Service between 1978 and 1988	Pension paid to widow regardless of date of marriage
Service from 1988	Pension paid to widow, widower or civil partner regardless of date of marriage or date of registration of civil partnership
Service from 2002	Pension paid to unmarried partner (classic plus members only)

If you are a former member of **premium**, dependant pensions reflect all service and are not restricted as above. However, if you are a former member of **premium** or **classic plus** and are more than 12 years older than your spouse or partner, their pension is reduced by 2.5% for every year in excess of 12 (this reduction does not apply if you married before 1 October 2002).

A death benefit lump sum is payable if a **classic** member dies within two years, or if a **classic plus** or **premium** member dies within five years, of starting to draw their pension. If you would like to nominate someone to receive your death benefit lump sum or to change your existing nomination, please write to Capita.

Civil partnership: survivors' pensions

The Civil Partnership Act allows same sex couples to register their relationship in a way that broadly resembles marriage. The **classic** and **classic plus** schemes will provide for a survivor's pension for service from 6 April 1988. (In **premium**, survivor's pensions for civil partners are based on all service.) If you have such service and subsequently register a civil partnership, please tell Capita.

Re-marriage or new relationships

If you receive a widow's, widower's or civil partner's pension in respect of a **classic** pensioner and remarry, enter a civil partnership or live with another person as man and wife or as civil partners, you must tell Capita. Although the pension will normally stop, 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.

If you have a **classic plus** widow's, widower's or civil partner's pension and re-marry, enter a civil partnership or live with another person as man and wife or as civil partners, we will normally stop the part of your pension based on service before 1 October 2002. The part based on service after 1 October 2002 continues for the rest of your life. A **premium** widow's, widower's, civil partner's or partner's pension continues for life, even if you enter a new relationship.

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 per annum 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.

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 1699700**

Our fax number is: **0870 1699720**

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

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

Please do not use e-mail to notify us of 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 or in writing.

You can view your payslips, P60 details and change personal 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.

New tax arrangements

The Inland Revenue, now HM Revenue and Customs (HMRC), has introduced new rules about pensions and tax.

Most people will not be affected by these new rules. They will only apply to those people:

- who have a pension that is drawn for the first time on or after 6 April 2006; and
- whose pensions from all sources are valued at £1.5 million or more in the current tax year (2006-07). This is known as the "lifetime allowance".

Any **new** pensions beginning after April 2006 that exceed the lifetime allowance will attract extra tax. For the purpose of calculating how much lifetime allowance has already been used up, pensions already in payment are valued by multiplying the annual amount of the pension by 25. So £1.5 million is equivalent to an annual pension of £60,000. Pensions from other employment or personal pensions are included in the calculation but the State pension is not.

Civil Service pensions already in payment will not be subject to any extra tax (although they will continue to be subject to income tax as at present).

You should read the rest of this section if:

- you have any other pensions which will first come into payment on or after 6 April 2006 (for example if you have another job or a personal pension fund from which you have yet to take an annuity) and/or
- you left on enhanced early retirement terms and are currently receiving an Annual Compensation Payment. If this applies to you, your Civil Service pension is preserved and will come into payment when you reach pension age (normally 60).

If the combined value of your pension benefits at 5 April 2006 is more than £1.5 million, you should consider registering them with HMRC for "transitional protection". This will allow you to claim a personal lifetime allowance which is higher than the standard amount. If you want to find out more about this, look under "Pensions and Tax" on the Civil Service pensions website, or email LTA@cabnet-office.x.gsi.gov.uk or write to Cabinet Office, marking your envelope "LTA". You should value your pension benefits as follows:

- Pensions that have not yet come into payment - multiply the annual pension by 20 and add any lump sum.
- Personal pension funds – investment value at 5 April 2006
- Pensions in payment – multiply the annual pension by 25.

When you come to draw a pension in the future, your administrator will test your pension against your remaining lifetime allowance.

If you have access to the internet, you can find out more about the tax changes on the Civil Service pensions' website at www.civilservice-pensions.gov.uk/LTA

Changes we need to know 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 us. Alternatively you can now make changes to some personal details on our website www.csp.capitahartshead.co.uk

If the payment you receive is a child's pension it is important that you inform us promptly of any change in circumstances which may affect payment of the pension. If the child is over the age of 17 you must tell us immediately when the child ceases full time education or training.

If you change your address, bank or building society details, you must tell us straight away. If you receive more than one pension from Capita Hartshead, please tell us the reference numbers of all pensions to which the change applies. If you call to notify us of a change to your bank or building society account, please have your old and new account details to hand.

If you are thinking about taking up employment or you are already re-employed in employment covered by the Civil Service pension scheme, please tell us without delay as your pension may be affected. It is your responsibility not the employing department or anyone else to notify us of any change.

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 held by us will be used to help us pay your pension. 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 at the PO Box 215 address.

National Fraud Initiative (NFI)

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 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.

Useful Addresses

Cabinet Office
Grosvenor House
Basing View
Basingstoke
Hampshire
RG21 4HG

You can find our website at
www.civilservice-pensions.gov.uk

This site has an area for pensioners as well as full information about the pension arrangements for current members.

Civil Service Benevolent Fund, Fund House,
5 Anne Boleyn's Walk, Cheam, Sutton, Surrey
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

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

CS Healthcare,
Princess House, Horace Road,
Kingston-upon-Thames
KT1 2SL
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