

# FSS PENSION SCHEME

## Classic Plus 2002 Booklet

(updated April 2010)

### **Classic Plus 2002**

Your guide to the retirement and other benefits provided under the **Classic Plus 2002** section of the FSS Pension Scheme.



# FSS Classic Plus 2002 Pension Scheme

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# FSS Classic Plus 2002 Pension Scheme

## INTRODUCTION

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Welcome to the **Classic Plus 2002** section of the FSS Pension Scheme (“**Classic Plus 2002**”). This is your guide to the valuable range of benefits to which you may be entitled as a member of **Classic Plus 2002**. Please take some time to read through it, and keep this guide in a safe place. We explain the words in **bold** in the Glossary on page 14.

### What is Classic Plus 2002?

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**Classic Plus 2002** is a section of the FSS Pension Scheme (“the Scheme”), which is what is called an “occupational pension scheme”. It provides you with an income in your retirement. Over the years, you and FSS both make contributions to **Classic Plus 2002**. When you retire, the Scheme pays you a one-off lump sum and a pension for the rest of your life, based on the years you contributed to **Classic Plus 2002**, and on your **pensionable salary** in your final years of employment with FSS.

Your **Classic Plus 2002** benefits will be based on your **pensionable service** in the Scheme from 6 December 2005 (when the Scheme started) and any period of service in the PCSPS which you chose to transfer into the Scheme. Your **Classic Plus 2002** benefits are a combination of **Classic** section benefits in respect of **pensionable service** up to 30 September 2002 and **Premium** section benefits in respect of **pensionable service** from 1 October 2002.

### Do I have to remain in Classic Plus 2002?

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You have the right to “opt out” of (leave) **Classic Plus 2002** at any time. If you choose to opt out, this will take effect from the next available pay period and you will be treated as any other leaver (please refer to page 10 “Leaving **Classic Plus 2002**” for more details).

Note that you will be unable to rejoin **Classic Plus 2002** (or any other section of the Scheme), so you should think carefully before choosing to opt out.

## Important Note

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This booklet is a straightforward guide to the main conditions of **Classic Plus 2002**. It does not cover every aspect – the full details are contained in the Trust Deed and Rules, which form the legal basis of the Scheme. Nothing in this booklet can replace the Trust Deed and Rules, and, if there is any difference, the Rules will apply.

*A copy of the Trust Deed and Rules can be obtained from your local HR department.*

Whilst FSS has every intention of continuing the Scheme in its present (post March 2010) form, it cannot foresee every financial eventuality and accordingly reserves the right to amend or discontinue it in the future should circumstances make this necessary or desirable. Note, however, that any amendment to the Scheme would only be made after consultation with the Trustees and the Trade Unions.

# FSS Classic Plus 2002 Pension Scheme

## CONTRIBUTIONS

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### How much must I pay?

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You pay contributions of 3.5% of your **pensionable salary**.

### How much will FSS pay?

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FSS will make contributions at a level advised by the Scheme Actuary to provide enough funds to pay the promised level of **Classic Plus 2002** benefits. The level of FSS contributions varies from time to time but, on average, is substantially higher than is paid by members.

### What earnings are pensionable?

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As a general rule, only permanent items of pay are pensionable. This will include any allowances which FSS tells you are pensionable, but will not generally include payments such as overtime or bonus payments, although the premiums paid for overtime at weekends and bank holidays are pensionable. If any other items of your remuneration are pensionable, FSS will notify you in writing, and you would then pay contributions on these items.

If you are on reduced pay during maternity leave (and in certain other circumstances), you will make contributions based on your actual pay.

Unless you had service in the PCSPS which commenced prior to 1 June 1989 and transferred this service into the FSS Pension Scheme, your **pensionable salary** will be subject to a maximum, or "earnings cap". In the 2010/11 tax year, this earnings cap is £123,600. The earnings cap may change in the future. You will be advised if your **pensionable salary** needs to be restricted.

### What about National Insurance?

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**Classic Plus 2002** is "contracted out" of the State Second Pension (S2P), formerly the State Earnings Related Pension Scheme (SERPS). This means that both you and FSS on your behalf pay National Insurance contributions at the lower rate. State pensions are considered in more detail in the "State Pensions" section in Further Information.

### Do I get tax relief on my contributions?

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You pay your contributions out of your gross pay (before income tax is taken out), so the cost to you is reduced. If you pay tax at the higher rate, you save even more.

Examples:

Dave earns £24,000 a year (£2,000 a month). Dave's gross contributions to **Classic Plus 2002** are £70.00 a month (3.5% of £2,000), but the net cost to him each month will be only £56.00, as he will get tax relief on these contributions. (Dave pays tax at the basic (lower) rate, so he will get tax relief at 20% (based on 2010/11 tax rates)).

Surinder earns £60,000 a year (£5,000 a month). Surinder's gross contributions to **Classic Plus 2002** are £175.00 a month (3.5% of £5,000), but the net cost to her each month will be only £105.00, as she gets tax relief on these contributions. (Surinder pays tax at the higher rate, so she will get tax relief at 40% (based on 2010/11 tax rates)).

### Can I pay more contributions for a bigger pension?

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You can pay Additional Voluntary Contributions (AVCs) to purchase additional benefits on a "money purchase" basis, up to a maximum (including your normal contribution) of your total earnings in any year. A range of investment funds is available. You choose which fund or funds you want to invest your AVCs in. When you retire, you may take your accumulated AVC fund in lump sum form (or use it to secure additional pension), subject to the overall lump sum maximum not being exceeded (see page 12 "Limits on benefits").

When deciding whether or not to pay AVCs, you should consider other investment options that may be available to you outside the Scheme and may wish to take independent financial advice.

If you entered into an arrangement with the PCSPS to pay AVCs in exchange for additional **pensionable service**, the terms of this arrangement are being maintained in the FSS Scheme. This arrangement is not available to new contributors.

# FSS Classic Plus 2002 Pension Scheme

## RETIRING AT NORMAL PENSION AGE

### How is my pension worked out?

When you retire at **normal pension age**, you will receive a one-off lump sum and a pension paid for life. The amount of these benefits will depend on your **final pensionable salary** and length of **pensionable service**.

You earn a pension of:

- 1/80 of your **final pensionable salary** for each year of **pensionable service** in **Classic Plus 2002** prior to 1 October 2002; plus
- 1/60 of your **final pensionable salary** for each year of **pensionable service** in **Classic Plus 2002** from 1 October 2002 to 31 March 2010; plus
- 1/80 of your **final pensionable salary** for each year of **pensionable service** in **Classic Plus 2002** from 1 April 2010.

Example:

Mohammed leaves **Classic Plus 2002** after 20 years' **pensionable service**, 8 years completed before 1 October 2002, 7½ years between 1 October 2002 and 31 March 2010 and 4½ years after 1 April 2010. Mohammed's **final pensionable salary** is £24,000 a year.

Mohammed's **Classic Plus 2002** pension  
=  $(8 \times 1/80 \times £24,000) + (7\frac{1}{2} \times 1/60 \times £24,000) + (4\frac{1}{2} \times 1/80 \times £24,000)$   
= £2,400 + £3,000 + £1,350  
= £6,750 a year.

Mohammed will also receive a lump sum and have the option to exchange some of his pension for an additional lump sum; see below for more details.

### What is "final pensionable salary"?

Your **final pensionable salary** will generally be your **pensionable salary** (net of bonuses) in the year to your date of leaving the Scheme. If however your **pensionable salary** has reduced, there is provision to use an earlier period, so that a higher **pensionable salary** figure is used to calculate your benefits.

### What is "pensionable service"?

If you work full time, all the years and days you contribute to the Scheme count as **pensionable service**. **Pensionable service** also includes any service that you transferred from the PCSPS into the FSS Pension Scheme when the FSS Pension Scheme was established.

### Do I get a tax-free lump sum?

You will automatically receive a lump sum when you retire of 3 times that part of your annual pension which was earned by **pensionable service** before 1 October 2002. In addition, if you are unmarried at retirement, you may receive a partial

refund of your contributions paid prior to 1 October 2002 together with interest.

Example:

From the above, Mohammed's additional, one-off, lump sum on retirement is £7,200  
(3 x £2,400).

In addition, you have the option to give up part of your pension earned by **pensionable service** from 1 October 2002 (in the region of one-quarter), to secure an additional lump sum. Details of the options will be provided to you by the Scheme administrator shortly before your retirement. The terms of exchange vary from time to time and with a member's age, but currently each £1 per annum of pension given up at age 60 or 65 produces a lump sum of £15.00 or £13.80 respectively.

### Exchanging pension for additional dependant's pension

You may choose to give up some of your pension in return for an increase in your **Widow's/Widower's/civil partner's** pension. Your local HR department can give you more information. You must make your decision before you retire - once the Scheme starts paying your benefits, they cannot be changed.

### What if I work part-time?

If you work part time, your pension will be worked out by using a full-time equivalent rate for your **final pensionable salary** and by counting your **pensionable service** on the basis of the time you actually work. This gives a fair result as it allows the Scheme to add together periods of full-time and part-time service. In particular, you are not disadvantaged if you move to part-time working in the run-up to your retirement.

Example:

Jenny works full-time for 25 years before 1 April 2010 and then part-time (18 hours a week instead of the full-time 36 hours) for the next 10 years. When Jenny retires, her actual **final pensionable salary** (based on her part-time hours) is £12,000 a year.

Jenny's full time equivalent **final pensionable salary** is  
 $£12,000 \times 36/18 = £24,000$

Jenny's pre 1 April 2010 **pensionable service** = 25 years

Jenny's post 1 April 2010 **pensionable service** =  $(10 \times 18/36) = 5$  years

Jenny's pension =  
 $(25 \times 1/80 \times £24,000) + (5 \times 1/100 \times £24,000)$   
= £7,500 + £1,200  
= £8,700 a year.

Jenny will also receive an automatic lump sum of £15,750 (3 x £5,250) and have the option to give up part of her pension for an additional lump sum.

## What if I have periods off work?

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You can usually only pay contributions and build up **pensionable service** if you are actually working. The main exception to this is certain periods of statutory maternity leave which count as **pensionable service**. If you are off work on long-term sick leave, you will continue to build up **pensionable service** while you are receiving sick pay at full or half pay.

## Will my pension be increased?

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Your pension will be increased on each 1 April in line with the rise in the Retail Prices Index (RPI) over the year to the previous September. The first increase after you retire will be determined on a pro-rata basis, according to the period of time between retirement and 1 April. For the element of pension built up after 1 April 2010, increases are restricted to a maximum of 2.5% in any year. These increases are paid to all pensioners aged 55 or over, and help to ensure that the pension maintains its original buying power.

At retirement, you will have the option to exchange the part of your pension that increases each year in line with RPI up to a maximum of 2.5%, for a lower initial pension that will then be subject to increases up to a higher maximum of 5%. Any exchange will similarly affect any associated **Widow's**, **Widower's** or **civil partner's** pension.

Increases are also paid to pensioners aged under 55 if:

- you retired because of ill health, or you are permanently incapacitated;
- the pension is being paid to a **Widow, Widower or civil partner**;
- the pension is being paid for a child.

Part of the increase relating to any pension earned prior to 6 April 1997 will be paid by the Government as part of your State pension benefits, rather than from the Scheme.

## How would my pension be paid?

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Your pension will be paid into your bank account every month. The Scheme's administrator will deduct income tax from it in line with instructions from the Her Majesty's Revenue and Customs ("HMRC", formerly known as the Inland Revenue).

# FSS Classic Plus 2002 Pension Scheme

## EARLY OR LATE RETIREMENT

### Can I take early retirement?

**Classic Plus 2002** has a **normal pension age** of 65. This is the earliest age that you can take the whole of your pension without it being reduced for early payment. You can apply to retire at any time from the age of 55\*, but because your pension is starting early and will be paid for longer, it will be reduced. The level of reduction will be calculated by the Scheme Actuary. This reduction to your pension is permanent.

If you are retiring at age 60 or later, there will be no reduction in the element of your pension built-up before 1 April 2010.

\*If you transferred your service from the PCSPS into the Scheme when it began in December 2005, you retain the right to draw your pension benefits from age 50 (again subject to reduction for early payment).

Example:

Mohammed retires from FSS at age 62, having built up a pension of £6,750 a year (see the example on page 6). This pension is split £5,400 built-up before 1 April 2010 and £1,350 after.

Because Mohammed is over age 60, the pension built-up before 1 April 2010 is not reduced. The pension built up after 1 April 2010 is reduced to reflect its starting three years before its due date of age 65. Currently, the reduction would be around 15%, so Mohammed's early retirement pension from age 62 would be:

$$5,400 + (85\% \times £1,350) = £6,548 \text{ a year}$$

He would also have an automatic lump sum of £7,200 (as per the example on page 6) and the option to exchange some of his pension for an additional lump sum, as explained previously.

### What happens if I become too ill to work?

If you have to leave FSS before you are 65, and the Scheme's medical adviser agrees that you cannot do your job because your health has broken down permanently, the Scheme may pay you your benefits early. In these circumstances, your pension may be paid without making any reduction for early payment. Your **pensionable service** may also be increased when calculating your benefits.

The Trustees have the power to review ill-health pensions and, in certain circumstances, reduce or suspend them.

### What about late retirement?

If you and FSS agree that you will carry on working beyond **normal pension age**, you can

- continue to contribute to the Scheme and build-up more **pensionable service** (in which case the pension will be worked out as if your actual retirement date was your **normal pension age**);
- draw your benefits at **normal pension age** and stop contributing; or
- defer drawing your benefits until you retire, in which case they will be increased to reflect their late commencement.

Pensions must commence no later than age 75.

### Can I carry on working after I start to draw my pension?

You may elect to receive your pension and continue working. However, you will not be able to build-up any further pension benefits in the Scheme.



# FSS Classic Plus 2002 Pension Scheme

## BENEFITS FOR YOUR DEPENDANTS

### What happens if I die in service?

A lump sum of three times your **final pensionable salary** is generally paid to the person (or people) you have nominated (see below). This lump sum will normally be tax-free. If you are part-time, it is normally equal to three years' actual part-time **final pensionable salary**.

If you are unmarried at the date of death, you may receive a partial refund of your contributions paid prior to 1 October 2002 together with interest.

### What happens if I die after retiring or leaving the Scheme?

If you die within five years of retiring, a lump sum benefit is payable equal to that part of the pension you would have received, during the balance of this period, which was earned by **pensionable service** from 1 October 2002. A further lump sum may also be payable in respect of your pre 1 October 2002 service (but, broadly speaking, only if you die within two years of retiring).

If you leave **Classic Plus 2002** and then die before drawing your pension, a lump sum benefit is paid equal to your lump sum earned by **pensionable service** before 1 October 2002, plus five times your pension earned by **pensionable service** from 1 October 2002 (increased between leaving and date of death); the lump sum benefit is, however, subject to an overall maximum of twice **final pensionable salary**.

### How do I name someone to receive any lump sum when I die?

You can name the person or people you would like to receive any lump sum payment due on your death on the nomination form provided to you at the time you joined **Classic Plus 2002**. If you would like to change your decision, please contact your local HR department for a new form.

If you decide to name more than one person, you can say how much you would like each person to receive.

**Note** that although they will take your wishes into account, the distribution of any lump sum payable on your death is made at the discretion of the Trustees of the Scheme.

### Does my Widow, Widower, or civil partner get a pension?

The pension benefits that are payable to your **Widow, Widower, civil partner** and **dependant children** when you die depend on the circumstances. The position is broadly as follows:

- On death in service, a **Widow's, Widower's** or **civil partner's** pension is payable of 1/160 of **final pensionable salary** for each year of **pensionable service** (but where this service is increased according to a formula). A pension is also paid to any dependent child(ren) if no **Widow's, Widower's** or **civil partner's** pension is payable.
- On death after retirement, a **Widow's, Widower's** or **civil partner's** pension is payable of 1/160 of **final pensionable salary** for each year of **pensionable salary**, with allowance for increases since leaving. A pension is also paid to any dependent child(ren) if no **Widow's, Widower's** or **civil partner's** pension is payable.
- On death after leaving but before retirement, a **Widow's, Widower's** or **civil partner's** pension is payable of 1/160 of **final pensionable salary** for each year of **pensionable salary**, with allowance for increases between leaving and the date of death. A pension is also paid to any dependent child(ren) if no **Widow's, Widower's** or **civil partner's** pension is payable.
- Pensions payable to **civil partners** are based solely on **pensionable service** completed from 1 December 2005, plus any contracted-out pension (GMP) earned before this date but after 5 April 1988.
- If your **Widow, Widower** or **civil partner** is more than 12 years younger than you and you married on or after 1 October 2002, or you married less than six months before your date of death, their pension which was earned from your **pensionable service** from 1 October 2002 will be reduced.

### Will my Widow's, Widower's, former civil partner's or dependent children's pension increase?

The Scheme will increase your **Widow's, Widower's, former civil partner's** or **dependent children's** pensions each 1 April in line with changes in the Retail Prices Index over the year to the previous 30 September. For the element of pension built-up after 1 April 2010, increases are restricted to a maximum of 2.5% in any year.

### Will my Widow's, Widower's or civil partner's pension carry on if they remarry?

If your **Widow** or **Widower** gets married again (or your previous **civil partner** enters another **civil partnership**), or lives with someone as husband and wife (cohabitation), the pension earned by **pensionable service** prior to 1 October 2002 may be stopped at the discretion of the Trustees.

# FSS Classic Plus 2002 Pension Scheme

## LEAVING CLASSIC

### What options do I have if I leave Classic Plus 2002?

You will leave **Classic Plus 2002** if your employment with FSS ceases, or you choose to opt-out of **Classic Plus 2002** while remaining in employment with FSS.

You will have the choice of “preserving” your pension or taking a “transfer value” to another pension scheme. If you preserve your pension, it will increase every year broadly in line with inflation and then be paid when you reach **normal pension age**.

If you would like to transfer your benefits from **Classic Plus 2002**, the Trustees will ask the Scheme Actuary to calculate the transfer value. This transfer value will represent the expected cost of providing your benefit from **Classic Plus 2002**. A statement showing your transfer value will be provided to you within three months of your request and this figure will be guaranteed for three months. If you accept the transfer value, the Scheme’s administrator will pay this to your new pension arrangement.

### Can I draw my preserved benefits early?

You can apply to draw your benefits early if you are aged 55 or over. (If you transferred your benefits from the PCSPS into the Scheme when it began in December 2005, you retain the right to draw your pension benefits from age 50). Since your pension will be starting early and be paid for longer, it will be reduced. The level of reduction will be calculated by the Scheme Actuary. This reduction to your pension is permanent.

If you are retiring at age 60 or later, there will be no reduction in the element of your pension built-up before 1 April 2010.

Example:

Katie leaves FSS at age 55, having built-up a pension of £5,000 a year (£2,000 prior to 1 October 2002, £1,000 between 1 October 2002 and 1 April 2010, £2,000 post 1 April 2010). She elects to draw her deferred pension benefit at age 62. Her pension at leaving is subject to a number of adjustments:

- i. For the period between leaving and retirement (seven years), her pension will be increased in line with changes in the RPI. For illustration purposes, assume this gives a total increase of 20%. (In passing, note that while the pension will increase, the prices of goods etc in the shops will also increase, so the pension’s purchasing power will be broadly maintained rather than increased).
- ii. The pension built-up before 1 April 2010 is payable unreduced at age 60. Because it is commencing at age 62, it is subject to an increase to reflect the fact that it is starting two years later than its due date and will be

paid for a shorter period. The scale of increase varies from time to time, but currently would be around 15% for two years.

- iii. The pension built up after 1 April 2010 is due to be payable at age 65. Because it is commencing at age 62, it is subject to a reduction to reflect the fact that it is commencing three years earlier than its due date and will be paid for a longer period. The scale of reduction varies from time to time, but currently would be 15%.

Accordingly, Katie’s pension from age 62 amounts to:

$$\begin{aligned} & (2,000 \times 1.20 \times 1.15) + (1,000 \times 1.20 \times 1.15) + (2,000 \times 1.20 \times 0.85) \\ & = £2,760 + £1,380 + £2,040 \\ & = £6,180 \text{ a year.} \end{aligned}$$

In addition, Katie would receive a lump sum of £8,280 (3 times £2,760).

Katie is not obliged to take the pre- and post-1 April 2010 elements of her pension at the same time. For example, if she chose to draw her pre-1 April 2010 pension at age 60, it would amount to  $(2,000 \times 1.20) + (1,000 \times 1.20) = £3,600$  a year. If she then decided to draw her post-1 April 2010 pension at age 65, her pension would increase by  $2,000 \times 1.20^* = £2,400$  a year\*.

- For simplicity, RPI increases between ages 62 and 65 have been ignored.

# FSS Classic Plus 2002 Pension Scheme

## FURTHER INFORMATION

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### How can I find out more about Classic Plus 2002?

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In the first instance, you should contact your local HR department if you need assistance or have any questions regarding the operation of **Classic Plus 2002**.

### Can I leave and rejoin Classic Plus 2002?

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If you leave FSS and are then re-employed, you will not be able to rejoin **Classic Plus 2002** (or any other Section), due to the Scheme being closed to new entrants.

### I have a pension from another employer. Can I bring this into the Scheme?

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Generally, yes. Ask your previous employer for a "transfer value" quote. Your local HR department will then give you an estimate of the benefits that this will buy in the Scheme. You should be aware that the Scheme can only accept transfer values if your previous pension scheme provides certain promises about technical matters concerning its pension scheme rules. If your previous pension scheme is unable to provide these, the Scheme cannot accept a transfer value.

### What if I have a complaint?

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Initially, you should raise the matter with your local HR department. Most complaints can usually be resolved quickly. If, however, having done this, your complaint has not been dealt with to your satisfaction, the Trustees have an Internal Dispute Resolution Procedure that should be followed. A copy of the Internal Dispute Resolution Procedure may be obtained from your local HR department.

If, having finished the procedure, you remain dissatisfied, you are entitled to raise your case with The Pensions Advisory Service (TPAS), whose address is:

11 Belgrave Road  
London  
SW1V 1RB

Telephone: 0845 601 2923

Its website address is: [www.opas.org.uk](http://www.opas.org.uk)

TPAS is available at any time to assist members and beneficiaries of **Classic Plus 2002** in connection with any pensions query they have or any difficulty that they have failed to resolve with the Trustees.

In the event that TPAS cannot resolve your dispute, you can ask for the Pensions Ombudsman to investigate. The Pensions Ombudsman can determine on any complaint or dispute of fact or law relating to the Scheme. You can contact the Ombudsman at:

11 Belgrave Road  
London  
SW1V 1RB

Telephone: 020 7834 9144

Its website address is:  
[www.pensions-ombudsman.co.uk](http://www.pensions-ombudsman.co.uk)

### The Pensions Regulator

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The statutory regulator for occupational pension schemes is The Pensions Regulator (TPR). TPR's remit is essentially to make sure that pension schemes are run lawfully. It is able to intervene in the running of the system where trustees, employers or professional advisers have failed in their duties.

You can write to TPR at:

Invicta House  
Trafalgar Place  
Brighton  
BN1 4DW

Or phone the helpdesk on 01273 627600.

You can also contact TPR on the Internet or via email at:  
[customersupport@thepensionsregulator.gov.uk](mailto:customersupport@thepensionsregulator.gov.uk)

Its website address is:  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

### The Pension Tracing Service

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The Department for Work and Pensions operates the Pension Tracing Service, which holds basic information on all approved occupational and personal pension schemes to help pension scheme members who have lost touch with their scheme to re-establish contact. Relevant information concerning the Scheme, including the address at which the Trustees can be contacted, has been supplied to the Pension Tracing Service.

The Pension Tracing Service can be contacted at the following address:

Pension Tracing Service  
The Pension Service  
Tyneview Park  
Whitley Road  
Newcastle upon Tyne  
NE98 1BA

Telephone: 0845 600 2537

Its website address is:  
[www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk)

# FSS Classic Plus 2002 Pension Scheme

## FURTHER INFORMATION - CONTINUED

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### Scheme security

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**Classic Plus 2002** is a section of the FSS Pension Scheme. The Scheme is set up and run according to its Trust Deed and Rules. The Scheme's assets are held entirely separately from those of FSS.

The Scheme pays an annual levy to the Government's Pension Protection Fund ("PPF") to ensure that, in the unlikely event of the Scheme terminating because of FSS' insolvency, the amount of your benefits from it will be protected, subject to such limits as may apply from time to time in the PPF.

### Trustees

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The Scheme is run by a board of Trustees. The Trustees are responsible for the Scheme's administration and for the investment of the Scheme's assets. It is the Trustees' duty to ensure that your interests are protected. Details of the Trustees and their advisers, as well as the Scheme's audited accounts, are published in the Trustees' Annual Report, a copy of which can be obtained on request from your local HR department.

### Limits on benefits

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The Scheme is a registered pension scheme within HMRC guidelines. Accordingly, the Scheme enjoys valuable tax advantages, such as tax relief on your contributions and no tax liability on the contributions FSS pays on your behalf. As a consequence, HMRC limits benefits which may be paid from the Scheme. Chief amongst these are:

- The maximum lump sum you can take on retirement is 25% of the value of your pension benefits. This could, for example, mean that if you have substantial AVCs these will need to be taken in pension form.
- If your pension benefits (both from FSS and any previous employments) are substantial in value (of the order of £1.8m currently), you will be liable for a tax charge on any additional pension benefits. Clearly, this limit (known as the "Lifetime Allowance") will affect few, if any, members.

### Annual benefit statement

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Each year, you will receive a personal benefit statement. This will give you details of your prospective pension benefits at **normal pension age** and those payable on death in service.

### Divorce or dissolution of a civil partnership

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If you get divorced or dissolve your **civil partnership**, your benefits under the Scheme may become subject to a Court Order. This would require the Trustees to allocate a specified part of your retirement benefits and death benefits under the Scheme to your ex-spouse or your **ex-civil partner**. Your S2P benefits may also be affected.

If a Court Order applies to your Scheme benefits, you will be given details of the reduction to apply to your benefits.

On divorce or dissolution, you should tell the Trustees about the changes in your personal details. You should also consider changing any nomination form you previously completed.

The Trustees may charge you for the cost of any work to do with a divorce or dissolution of a registered **civil partnership**.

### Assigning your benefits under the Scheme

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You are not allowed to assign your benefits under the Scheme or use them as security for any loans.

### Previous benefits

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HMRC sets a limit on the overall amount of pension benefit you can receive (see below). Therefore, when you join the Scheme it is important that you give the HR department details of any pension you are entitled to from another source.

### Data protection

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The Trustees are subject to data protection legislation and you have a right to check that the personal details that are held about you are accurate. Any enquiries should be addressed to your local HR department.

The Trustees and FSS, as "Data Controllers", both have a legal obligation and a legitimate interest in processing the data held about you for the purpose of operating the Scheme. This may include passing on data about you to the Scheme Actuary, Auditor, Administrator and other third parties as may be necessary for operating the Scheme.

## State pensions

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The State pension scheme has two components - the basic State pension and the State Second Pension (S2P). Your entitlement to the basic State pension is unaffected by your membership of the FSS Pension Scheme. For 2010/11, the basic State pension amounts to £5,078 per annum for a single person (£8,120 for a married person), subject to a full record of NI contributions. The FSS Pension Scheme is contracted-out of S2P and means that the Scheme provides the pension S2P would otherwise have provided; since the Scheme is providing this pension rather than the State, members and the FSS on their behalf pay reduced rate NI contributions. You can find out more about State pensions by contacting the Department for Work and Pensions. See their website at [www.dwp.gov.uk](http://www.dwp.gov.uk).

## Independent financial advice

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There may be times when you need financial advice, e.g. should you pay additional voluntary contributions, take an increased lump sum at retirement? Note that neither the FSS nor the Scheme Trustees (including their advisers) are able to provide such advice. This site [www.unbiased.co.uk](http://www.unbiased.co.uk) helps you to find independent financial advice. It contains a search facility to find an IFA in your area, and guides to pensions, savings, investments and tax. You can also telephone them on 0800 085 3250.

## Are there any provisions for maternity/ paternity absence or adoption leave?

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If you start maternity leave having indicated your intention to return to work at the end of the statutory period, you will not be regarded as having left service. If, subsequently, you change your mind and decide not to return to work, you will then have the normal leaving service options described on page 10, based on your service to the end of the statutory period.

If you are absent on maternity, paternity or adoption leave, your Scheme contributions will be based on your actual **pensionable salary** during this time and your **pensionable service** will include this period for the purpose of calculating your benefits under the Scheme.

For periods of absence during which no pay is due, on return to work you will have the option of paying contributions (based on your full **pensionable salary**) in respect of this period of absence. If you pay these contributions, your **pensionable service** will include that period. Otherwise, that period will be excluded from the calculation. You will continue to be covered for your death-in-service benefits during any period of unpaid absence.



# FSS Classic Plus 2002 Pension Scheme

## GLOSSARY

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There are a number of special terms in this booklet. They need to be used to make sure that the provisions of **Classic Plus 2002** are properly outlined to you.

### Dependant

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A **dependant** can be your husband, wife, partner, child or anyone else who relies on you financially.

### Final pensionable salary

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This is broadly your **pensionable salary** during your final year, but excluding any bonuses. Your benefits are based on final **pensionable salary**.

### Normal pension age

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This is the earliest age you can take your pension without any part of it being reduced because of early retirement. **normal pension age** is age 65 in **Classic Plus 2002**.

### Pensionable salary

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This is your basic pay plus other permanent non-fluctuating items of your remuneration. Your contributions are based on **pensionable salary**.

### Pensionable service

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This is your basic pay plus any other permanent non-fluctuating items of your remuneration, plus any bonuses and non-permanent allowances, but only to the extent the Company has confirmed these additional items to be pensionable. Your contributions are based on **pensionable salary**.

### Widow, Widower or civil partner

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The person to whom you are legally married or in **civil partnership** with when you die. An ex-husband, ex-wife or ex-**civil partner** from whom you are legally divorced cannot receive a **Widow's, Widower's or civil partner's** pension unless they were financially dependent upon you. If you marry after leaving **Classic**, the **Widow's** pension is based on your service from 6 April 1978 and the **Widower's** pension is based on your service from 6 April 1988.

Classic Plus

