

# Reading Transport Staff Pension Scheme

## A Guide for Members



Retirement Solutions



# A Guide for Members

The Reading Transport Staff Pension Scheme (the Scheme) has been designed to provide security for you during your retirement and for your dependents in the event of your death. The Scheme provides information about the 'Defined Benefit' (DB) structures of the Scheme; benefits related to your earnings and the length of your active membership.

The main benefits can be summarised as:

- a pension for you when you retire;
- the opportunity to exchange part of your pension for a lump sum when you retire;
- a pension and/or lump sum for your dependents(s) or beneficiary(ies) upon your death.

This Guide gives general guidance only, and it should not be regarded as a complete or authoritative statement on the formal Trust Deed and Rules. It is provided to all members and prospective members and consolidates and replaces any previous scheme booklets, announcements and leaflets. If there is any conflict between the interpretation given in this Guide and the formal Trust Deed and Rules or the Scheme Document, the legal interpretation of the formal documents will prevail.

The Scheme is administered by the Administration Team at TPT Retirement Solutions. Should you have any other queries or require further clarification or detailed information about your own benefits, you should contact:

TPT Retirement Solutions  
Verity House, 6 Canal Wharf  
Leeds, LS11 5BQ

Telephone: 0113 234 5500  
Email: [enquiries@tpt.org.uk](mailto:enquiries@tpt.org.uk)  
Website: [www.tpt.org.uk](http://www.tpt.org.uk)

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# Leaving

## What happens if I leave the Scheme?

You may leave the Scheme for a number of reasons, including changing your job, or because you decide to leave the Scheme (opt out) and continue to work for your employer. In these cases you can choose to:

- have a deferred pension; or
- transfer your benefits to another pension arrangement

More details about opting out are provided below.

## What happens if I opt out of the Scheme?

You may already be a member who pays contributions into the Scheme and who wishes to opt out of the Scheme. In these circumstances, you must give your employer one month's written notice of your intention to opt out.

## What is a Deferred pension

A deferred pension is a benefit calculated for you on leaving service, based on the service you have completed as a member of the Scheme and your pensionable earnings. This pension will remain in the Scheme and become payable at Normal Pension Age (NPA). You can currently apply for early payment of the deferred pension any time after age 55 although this may change in the future. See 'Retirement' for further details.

## How does my deferred pension increase?

If you joined the Scheme before 6 April 1997 part of your deferred pension will be a Guaranteed Minimum Pension (GMP). The GMP part of your pension is increased by a statutory revaluation rate, that varies based on your date of leaving, for each complete tax year until you retire.

The pension remains in the Scheme and any deferred pension in excess of GMP may increase, prior to retirement.

This increase is based on the Retail Prices Index (RPI) and the Consumer Prices Index (CPI) as follows:

- For pensions built up before 12 July 2012, the increases will be based on the index increases, with a maximum increase of 5%. Before April 2011 this was the RPI and from 2011 this has been CPI.
- For pensions built up after 11 July 2012, the increases will be based on the CPI increase, with a maximum increase of 2.5%.

The measure of inflation used in the future may be changed but any such change would not apply retrospectively.

## Transfer of your benefits

You may transfer your benefits to another pension arrangement (such as your new employer's pension scheme or to a personal or stakeholder pension plan) at any time after you leave the Scheme, but before you take your pension.

Defined Benefit transfer values are calculated as the best estimate of the cash sum that would need to be invested in order to reproduce your benefits at retirement. A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request. You will need to pass the information provided to the administrator of your new pension arrangement to investigate if the transfer can proceed.

From 6 April 2015, it is a legal requirement for members to receive independent financial advice before a transfer from a defined benefit scheme to a defined contribution (money purchase) scheme can proceed (unless the transfer value is less than £30,000). TPT will seek evidence that this advice has been received before proceeding with a transfer to a defined contribution arrangement. Any such advice must have been provided or checked by a 'pension transfer specialist'. It may also be prudent to consider taking such advice when transferring your benefits, even if the law does not require you to do so.

Unfortunately, pension scams have become increasingly prevalent in recent years. To protect your benefits from possible fraud attempts, further checks and due diligence will be carried out by TPT in respect of the scheme you are considering transferring to.

# Retirement

You don't have to leave your job in order to draw your pension. Any reference to retirement in this Guide includes those members who choose to receive their pension benefits and continue working, as well as those members retiring in the more traditional sense (i.e. stopping work).

## When can I retire?

The Normal Pension Age (NPA) under the Scheme is 65. This is the age that will be used for normal funding purposes for Scheme benefits. If your pension does not start until after NPA, it could be more – and if it starts before NPA, it will be less than the normal retirement pension.

You can apply for early payment of your pension at any time after age 55 although the government has indicated this may raise to 57 in 2028.

The information below explains when you can take your pension. However, the age at which you choose to retire is an employment issue, and you should discuss this with your employer.

## What will I get?

The pension remains in the Scheme. If you have already left the scheme increases in deferment as noted above.

It may then be reduced or increased to take account of the fact that your pension would be payable for longer or shorter than if it had started at NPA. Certain restrictions may apply and you may not be able to take your deferred pension early if it is not sufficient to cover the statutory minimum pension the Scheme is obliged to pay. You will be advised if your application is unsuccessful.

## Can I take a cash sum at retirement?

You may have the option to take a PCLS and reduced pension.

Yes, when you retire you can give up part of your pension and exchange it for a Pension Commencement Lump Sum (PCLS) which is usually tax free under current legislation. This will leave you with a smaller pension.

The maximum lump sum available is 25% of the value of your pension benefits subject to the minimum pension conditions being satisfied.

Taking a PCLS at retirement will leave you with a reduced pension in retirement and will also reduce the benefits that would be payable to your dependants when you die. If you want to receive a quotation of your benefits please contact us for an estimate.

You will be advised of the specific options available to you at the time your application for payment of your pension is processed.

## Financial Guidance

The UK Government recognizes the importance of making good financial decisions and that information regarding retirement incomes is vital to ensuring your long-term welfare.

Since April 2015, a free pensions guidance service, called Pension Wise, is available for members with defined contribution (money purchase) arrangements. This includes members with money purchase AVC funds, who are approaching retirement. This is separate to independent financial advice which is available.

For further details, go to [www.pensionwise.gov.uk](http://www.pensionwise.gov.uk).

# Death Benefits

## What if I die before leaving the Scheme?

If you die in service before 65:

### Lump sum

A lump sum of 2 times your Pensionable Salary at date of death.

### Spouse's / Survivor's pension

A pension of 1/160th of your Final Pensionable Salary for each year of Pensionable Service plus 1/160th of your Final Pensionable Salary for half of the years of Service after the date of death and before Normal Retirement Date.

If you die after 65 but before taking your benefits you will be treated as if you had retired the day before your death and benefits will then be as per death after retirement.

## What if I die after leaving the Scheme?

If you die after leaving the Scheme but before you start receiving your pension the benefits payable are:

### Spouse's / Survivor's pension

A pension of the Spouse's GMP in respect of service before 6 April 1997 plus the Statutory Pension that must be provided by the Scheme in order to satisfy the reference scheme test in respect of service on or after 6 April 1997.

## What benefits are payable if I die after retiring?

If you die after your pension has started the benefits payable are:

### Lump sum

If you die within five years of retiring, a lump sum death benefit is payable equal to the unpaid balance of the five years' pension payments, at the rate applicable at the date of death.

If you are over 75 at date of death this lump sum is paid differently. Please ask us if you need further details.

### Spouse's / Survivor's pension

A pension equal to 50% of your pension at the time of your death.

### Important notes:

- Please see the section below titled "Who will receive the benefits payable on my death?" for details of who the lump sums and pensions described above may be paid to.
- The regulations governing schemes which were contracted-out of the additional State Pension prior to April 2016 require that any spouse's / civil partner's GMP, or Reference Scheme pension for service up to 5 April 2016, must be paid to your widow, widower or civil partner at the date of your death.
- If your survivor is more than ten years younger than you and you have been married less than 10 years, the pension will be reduced by 2.5% for each year more than ten that he/she is younger.
- Spouse's pensions cease on marriage or remarriage.
- Except for widows, widowers and civil partners, it will be necessary for the Trustee to receive confirmation that the nominee for a pension is eligible at the date of the member's death.

## Who will receive the benefits payable on my death?

### Lump sums

Any lump sum death benefits are payable at the discretion of the Trustee. Under current legislation this means that they do not form part of your estate for inheritance tax purposes. You can help the Trustee by completing a Nomination Form detailing the beneficiaries you would like to be considered.

### Survivor's pensions

The Scheme's rules set out detailed rules governing the potential recipients of survivor's pensions. The following statements are a simplification for ease of understanding and do not override the Scheme Rules.

A pension as described above may be paid to your spouse or civil partner if you were not divorced, judicially separated or living apart at the date of your death.

If there is no such person qualifying for a pension at the date of your death it is possible, at the Trustee's discretion, for a pension to be paid instead to someone who was:

- financially dependent on you; or
- in a financial relationship of mutual dependence with you; or
- dependent on you because of physical or mental impairment.

Slightly different criteria apply to members who left the scheme before 12 July 2012. For those members, people who were partly dependent or former spouses may also be eligible.

### Children's pensions

In some circumstances (for example, if you die without a spouse or if your spouse dies whilst in receipt of a spouse's pension), a pension may be paid to your child(ren).

In these cases, a pension equal to 25% of the amount of the spouse's pension that would have been payable will be paid to each of up to two dependent children.

If there are more than 2 children, the Trustee shall divide 50% of the spouse's pension that would have been payable between them.

Children's pensions may be paid to any child, legally adopted child, a step-child and a child conceived but not yet born.

Children must be under the age of 18 (or age 21 if undergoing full-time education or vocational training, or any age over 18 if, in the opinion of the Trustee, they were dependent on the Member because of physical or mental impairment at the date of the Member's death).

They must have been born while the deceased was an Active Member or in Service after normal retirement date.

This excludes illegitimate children unless the Trustee agrees otherwise.

Where the member has a child that is not a child of the member, then the child must be financially dependent on the member.

### Nominations

- Your nominations should be provided in writing, preferably on a Nomination Form or using your DB Online account
- Separate nominations are required for lump sums and pensions (even if you have nominated the same person to receive both).
- You should ensure your nominations are kept up-to-date if your personal circumstances change. If you wish to make any changes to your nomination or a nominee's address, please notify TPT in writing by completing a new Nomination Form.
- Nomination Forms are available from the Administration Team at TPT (contact details can be found on page 2) or can be downloaded from the website at [www.tpt.org.uk](http://www.tpt.org.uk).
- **Please note:** Upon marriage/entering into a civil partnership, or upon divorce/dissolution of a civil partnership, any existing nomination will be revoked. Additionally, if you have nominated a partner who lives with you and at a later date you cease cohabiting, the nomination will be revoked. If you wish to re-nominate a person whose nomination was revoked in any of the circumstances outlined



above, please contact TPT to check whether that person is eligible. If they are, a further signed Nomination Form must be provided.

## Who can I nominate?

### Lump sum

- You can nominate one or more persons or organisations;
- If you choose more than one you must state the percentage you want each person or organisation to receive;
- You should not use the words 'Executor', 'Administrator', 'In Trust for', or 'Estate' for your nomination, but the proper names of persons or organisations.

# Paying Your Pension

## How will my pension be paid?

Your first payment will be made shortly after either the date your pension was due to start, or the date TPT receives the appropriate forms if later and will cover the period due from your retirement date up to the end of the month.

Payment is subject to receiving all necessary forms and relevant certificates. Your first pension payment will include any lump sum you have elected to receive.

After this, pensions are paid monthly on 25<sup>th</sup> of each month for the following calendar month. They will be paid direct to your bank or building society account. It is not usually possible to pay your pension to a bank or building society account that is not in your name.

If tax is due on the pension then it will be deducted under the PAYE system. Details of the PAYE reference number and relevant tax office dealing with the Scheme pension payments will be provided with confirmation of your pension at retirement.

## Will my pension increase?

Pensions are reviewed each year and any increase granted is applied to pensions due from 1 April. Increases are based on the rise in the relevant Index each September. If the change in that index is zero or negative then the pension will remain the same; it will not be reduced.

## How does my pension increase?

The increases explained below apply to your own retirement pension, your survivor's pension, and any children's pensions.

Once in payment, your pension will be reviewed each year and will increase as follows:

## Before Guaranteed Minimum Pension Age

- For pension built up prior to 6 April 1997 a fixed rate of 3% per annum
- For pension built up after 5 April 1997 and prior to 1 April 2006, your pension will increase by the lower of 5% or the rise in the Retail Prices Index (RPI) with a minimum of 3% compound over the period since your retirement.
- For pension built up after 31 March 2006, your pension will increase by the lower of 2.5% or the rise in the Retail Prices Index (RPI)
- If you opted to pay an additional 2% in contributions then pension built up after 31 March 2006 increases in the same way as benefits from 6 April 1997 above.

## After Guaranteed Minimum Pension Age

- The GMP part of your pension (applicable for benefits earned between April 1988 and April 1997), if any, is guaranteed to increase each year by the rise in the Consumer Prices Index (CPI) up to a maximum of 3%. CPI is measured each September.
- The part of your GMP earned prior to 6 April 1988 does not increase.
- Other parts of your pension continue to increase as above.

# Further Information

## Who looks after the Scheme?

The day to day administration is entrusted to TPT which has been administering pension schemes since 1946. TPT is directly answerable to its members, the employers who choose its pension schemes, and the active members, pensioners and deferred members who belong to these schemes. TPT is not an insurance company.

## Scheme registration

The Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 00829486RM.

## Are there any restrictions on benefits?

HM Revenue & Customs no longer impose limits on the pension benefits you can receive. However, if the value of your benefits from all tax registered schemes exceeds the Lifetime Allowance, there may still be tax consequences. Please see the definition of Lifetime Allowance below for further details if you believe this applies to you.

It should be noted that both the Lifetime Allowance and Annual Allowance (see Definitions) are only likely to affect those with very high earnings and/or significant pension benefits held elsewhere. For example, if your pensions from all tax registered schemes do not exceed £60,000 a year, you are unlikely to be affected.

## Can I assign my pension?

No, except where permitted by law on divorce, you cannot sign away your pension rights, even temporarily, for example as security for a loan.

## The Trustee Company

The Scheme is governed by a Trustee Company called Verity Trustees Limited. Directors are non-executive, four nominated by members, four nominated by employers, and up to three co-opted by the member nominated and employer nominated Directors.

Investments are managed independently by external authorised fund managers. Investment performance is reviewed regularly by TPT's Investment Committee.

## The State Pension

Prior to 6 April 2016 the State Pension was made up of two parts: the basic State Pension and the additional State Pension (this is also called the State Second Pension or SERPS).

During the period you were a member of the Scheme, your employment was contracted out of the State Second Pension and as a result, you paid lower National Insurance contributions. This meant that you did not accrue the full State Second Pension during your period of membership.

From April 2016, there is a single tier State Pension for people reaching State Pension age on or after this date. This has replaced the basic and additional State Pension and also ends contracting out (of the additional State Pension) and the National Insurance rebate.

The amount of State Pension you receive after 6 April 2016 will take account of any time that you have been contracted-out and paid National Insurance at a lower rate.

To find out more about the State Pension visit [www.gov.uk/state-pension](http://www.gov.uk/state-pension).

## Contracting out prior to April 2016

Between 6 April 1997 and 5 April 2016 a contracted out scheme had to provide benefits for members which were broadly equivalent to, or better than, those that would have been provided under a 'Reference Scheme'. The requirement was for the benefits overall to be as good as those under this Reference Scheme, although there is no guarantee that every member's own benefits would pass that test.

For any period of membership between 6 April 1978 and 5 April 1997 a Guaranteed Minimum Pension (GMP) had to be provided for each member who was contracted out. The GMP is payable to women from age 60 and men from age 65, or the date of retirement, if later. At that age, the pension payable has to be at least as much as the GMP, which for the majority of members is usually the case. The main impact the GMP has on retirement pensions is the way that pension increases after it starts to be paid. Please refer to the section 'How does my pension increase?', earlier in this guide, for details of how the GMP affects the annual increase in your pension.

## Pension Tracing Service

Details of TPT (and all its pension schemes) have been registered with the Pension Tracing Service and the address is:

The Pension Service  
Post Handling Site A  
Wolverhampton  
WV98 1AF

Telephone: 0800 7310193

[www.gov.uk/find-pension-contact-details](http://www.gov.uk/find-pension-contact-details)

Please quote reference: 10170418

The purpose of this registration is to help individuals trace their pension rights. If you think you have pension benefits with a previous employer's scheme, but have lost contact, the Pension Tracing Service may be able to help.

## Rights, obligations and limitations

The rights and obligations of members of the Scheme are set out in the Trust Deed and Rules and the Scheme Document which are the formal documents of the Scheme. This Guide is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this Guide and the formal Trust Deed and Rules or the Scheme Document, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules and the Scheme Document are available from TPT. Full contact details are provided on the back cover of this booklet, or from the website at [www.tpt.org.uk](http://www.tpt.org.uk).

Before making any financial commitment on the basis of any information provided in respect of retirement benefits, please contact TPT for final confirmation of the expected level of benefits. Staff will be pleased to provide any further information or assistance you may need.

TPT is not registered under the Financial Services and Markets Act 2000 to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and not be taken to constitute advice.

When providing information to members or prospective members, TPT takes care to provide an accurate service but the decision and choice remain the individual's, for which TPT cannot be responsible.

## General Data Protection Regulation (GDPR)

For more detailed information on how we use and disclose personal information, the protections we apply, the legal basis for our use of personal information, and your data protection rights under the GDPR, see our privacy notice at [www.tpt.org.uk/privacy-policy](http://www.tpt.org.uk/privacy-policy).

If you would like a copy of the privacy notice to be sent to you, please email [privacy@tpt.org.uk](mailto:privacy@tpt.org.uk) or call 0113 394 2779.

The Trustee takes appropriate measures to ensure that your personal data is held securely.

## Annual Report and Financial Statements

Members receive a summarised version of the Annual Report and Financial Statements each year, but are entitled to the full version that will be provided on request. Alternatively, a copy can be viewed on TPT's website at [www.tpt.org.uk](http://www.tpt.org.uk).

## Pension Protection Fund (PPF)

1. The PPF is a fund designed to protect members' rights under company Defined Benefit pension schemes should the employer become insolvent.
2. The PPF is funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the Scheme will not result in a reduction to your pension.
3. Benefits payable under the PPF are, briefly, as follows:
  - Your full pension if you have reached the Scheme NPA or receive an ill health pension (regardless of your age);
  - 90% of the expected Scheme pension for all other members;
  - Widow/ers' or survivors' pensions of 50% of the member's PPF pension; and
  - Pension earned from 6 April 1997 will increase each year in line with CPI up to a maximum of 2.5%. Pension relating to service before April 1997 will not be increased under the PPF.
4. In general, benefits will be paid from the PPF, as opposed to from the Scheme, when:
  - Your employer becomes insolvent, or in circumstances where the Trustee or the Pensions Regulator consider this likely; and
  - The assets of its pension scheme are insufficient (i.e. there is not enough money to pay at least the level of PPF benefit as described in point 3 above).

# Complaints ...

## Complaints Procedure

If you have a problem or complaint in connection with your pension, we recommend that you initially discuss this with your usual contact at TPT. If they are unable to resolve the matter you may find it helpful to speak to the Executive Administration Manager and/or the Head of Pension Administration Services.

If your complaint cannot be resolved informally and you remain dissatisfied you may at any time follow the formal complaints procedure; this has two stages and is summarised below.

### Disputes – Formal Resolution

If you remain dissatisfied, you may request (in writing) a formal resolution from the Head of Trustee Services. A decision should be provided within two months of your formal request.

### Appeal

If you remain unhappy or disagree with the formal resolution from the Head of Trustee Services, within six months of the decision you have the right to appeal to the Trustee. The result of your appeal should be provided within two months of your request.

### The Pensions Ombudsman Early Resolution Team

The Pensions Ombudsman Early Resolution Team is available if you need help raising your concerns or wish to discuss a potential complaint. They provide a quick, informal and streamlined process, and you do not need to have first used the Scheme's internal complaints process to use this service. The address is:

The Pensions Ombudsman  
Early Resolution Team  
10 South Colonnade  
Canary Wharf  
E14 4PU

## The Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme where the issue has not been resolved via the Scheme's complaints procedure.

The Office of the Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
E14 4PU

Telephone: 0800 917 4487

Email: [enquiries@pensions-ombudsman.org.uk](mailto:enquiries@pensions-ombudsman.org.uk)

Or visit: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## The Pensions Regulator (TPR)

TPR is able to intervene in the Scheme administration where the Trustee, employers or professional advisers have failed in their duties.

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

Telephone: 0345 600 7060

Email: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

Or visit: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

# Definitions

These definitions are provided as a summary. Please see the formal Trust Deed and Rules if further clarification is required.

## Additional Voluntary Contributions (AVCs)

Is the name given to any contributions you pay above your 'normal' contributions to the Scheme to secure extra benefits.

The exact terms of any AVC benefits will have been agreed with you prior to you starting paying AVCs so please refer to the documentation you received at the time.

Typically these gave additional service and will otherwise act as normal pensionable service granting pension on leaving the scheme, revaluing as other benefits and receiving 3% increases in retirement.

## Annual Allowance

There is a maximum amount which can be put into your pension plan called the Annual Allowance. This is currently £60,000, although it might be lower if you have flexibly accessed pension benefits or have a high income.

It is the amount by which the value of your pension benefits may increase in any one year period without you having to pay a tax charge. From April 2016 the Scheme's pension saving year has been aligned to the tax year and is called the pension input period.

The Annual Allowance is reviewed each year and more details can be found by visiting [www.gov.uk/tax-on-your-private-pension/annual-allowance](http://www.gov.uk/tax-on-your-private-pension/annual-allowance).

Please inform your employer if you think you will exceed the Annual Allowance.

## Benefits

Are the pensions and other payments made to members and their dependents on death, retirement and after leaving the Scheme.

## Deferred Pension

Is the pension secured for you on leaving service and is payable on retirement.

## Pensionable Salary

Set on 1 July to be your gross earnings for the fiscal year ended on 5 April immediately preceding the 1 July multiplied by the Adjustment Factor. Such amount remains unchanged until the next 1 July.

The "Adjustment Factor" as determined by the Principal Employer and verified by the Actuary is the ratio of RPI at the previous 30 September to wage increases over the year (subject to a maximum of 1), multiplied by the previous year's Adjustment Factor. This has been applied cumulatively since 1 July 2006.

If you were an active member prior to July 2006 a different definition applied at that time.

## Final Pensionable Salary

The highest annual average amount of your Pensionable Salary for any continuous 36-month period ending in the 10 years immediately preceding his Normal Retirement date, retirement, termination of pensionable service or death (whichever comes first).

## Guaranteed Minimum Pension (GMP)

Is that part of your pension, or your widow, widower or civil partner's pension, which is roughly the equivalent of the SERPS pension for membership before 6 April 1997.

The Scheme pays a GMP to you during retirement or to your widow, widower or civil partner after your death as part of the Scheme pension, to replace the SERPS pension. The Scheme must provide at least this level of pension.

## Interest

Means the adjustment determined by the Trustees at the advice of the Actuary to take account of investment income, gains and losses and any investment costs and charges for the period since 30 June 2011.

## Lifetime Allowance

In the Spring Budget 2023 the Government announced its intention to abolish the 'lifetime allowance' with effect from 6 April 2024. However, we are still required to carry out various checks before putting benefits into payment. The specific tax charge which previously existed for exceeding the lifetime allowance was removed with effect from 6 April 2023. but this has been replaced with the lump sum allowance (LSA) (£268,275) and the lump sum and death benefit allowance (LSDBA) (£1,073,100). The LSA applies in relation to pension commencement lump sums or an uncrystallised pension funds lump sum. The LSDBA applies to a wider range of relevant lump sums and lump sum death benefits.

If you are concerned that your lump sum or lump sum death benefits from all sources may breach the LSA or LSDBA you should consult an Independent Financial Adviser (IFA) as to your best course of action.

**Please note:** TPT and its representatives are not permitted to give financial advice.

## Limited Price Indexation (LPI)

Is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment.

For pension accrued before 6 April 2005, LPI is currently defined as the rise in the Consumer Prices Index (CPI) up to a maximum of 5%.

For pension accrued from 6 April 2005, the law requires (as a minimum) that the Scheme pays increases in line with the Consumer Prices Index (CPI) capped at 2.5%.

## Normal Pension Age (NPA)

Is age 65 for payment of full Scheme benefits.

## Pensionable Service

Is your period of membership of the Scheme (in years and completed months).

## Reference Scheme Test

To contract out between 6 April 1997 and 5 April 2016 the Scheme had to provide benefits at least equivalent to the Reference Scheme (as defined by legislation for contracting out purposes).

## Underpin

There is an underpin in relation to benefits in respect of Pensionable Service before 1 July 2011 which cannot be less than the Member's Account Pension. This is calculated by reference to the Member's notional fund value as at 30 June 2011, increased by the Interest annually in arrears on such date as the Trustees specify, and divided by a Commutation Factor. If the underpin takes effect, the member's defined benefit pension is uplifted to match the underpin pension amount.



# Benefit Insert Appendix

Defined Benefit - Final Salary

# Final Salary 1/80th

## Calculation of pension

For your period of membership you will receive a pension of:

$$1/80\text{th} \times \text{pensionable service} \times \text{Final Pensionable Salary (FPS)}$$

For example, if you had completed 20 years' service in this benefit structure when you left and your FPS were £25,000 your pension would be calculated as follows:

$$1/80\text{th} \times 20 \text{ years} \times £25,000 = £6,250 \text{ a year}$$

If you were a member of the Scheme before 6 April 2016, this pension includes the minimum pension the Scheme is obliged to pay as a result of your membership being contracted-out of the State Second Pension.

If you have transferred previous benefits into the Scheme, the benefits secured by the transfer will have been notified to you at the time and will be paid in addition to those calculated for your period of membership in the Scheme.

You will find explanations of the terms used in the definitions section of the booklet.

## What if I work part-time?

If you have worked the same part-time hours in your employment for the whole period of your membership of the Scheme, your pension benefits will be calculated using the method shown above using your part-time earnings.

The calculation is more complex if the number of hours you have worked has changed during your membership of the Scheme, or if your membership is made up of full-time and part-time periods. In these circumstances your service and pensionable earnings will be converted to full-time equivalent values in order to calculate your pension benefits.

## Retirement benefits

Your retirement benefits in respect of membership of this benefit structure will be calculated as described above based on service and earnings at your actual retirement date, date of leaving the scheme or Normal Retirement Date whichever is earliest.

For all pensionable service the earnings used to calculate your pension will be your Final Pensionable Earnings. This booklet explains further the options available at retirement and the impact on your benefits of retiring before or after Normal Pension Age.

## Deferred pension

If you leave the Scheme and choose to receive a deferred pension, your deferred pension in respect of membership of this benefit structure will be calculated as described above based on service and earnings at your date of leaving.

Please refer to the section entitled Leaving in this booklet for information on how your deferred pension will increase prior to you retiring.

It also explains further the options available at retirement and the impact on your benefits of retiring before or after Normal Pension Age.

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