

CAMBRIDGE COLLEGES FEDERATED PENSION SCHEME

A GUIDE FOR MEMBERS AT CHURCHILL COLLEGE

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How the Scheme is run

The Cambridge Colleges Federated Pension Scheme was formed in 1978 and is designed exclusively for non-academic staff. 25 Colleges belong to the Scheme. The Scheme is under the control of a Trustee Company called Cambridge Colleges Superannuation Trustees Limited. The day to day work is carried out by the Administrator at the Scheme Office who reports to the Management Committee of the Trustee Company. There are nine members of the Management Committee; six are appointed by the Participating Colleges, two are appointed as a result of nominations from the contributing members of the Scheme and one is appointed as a result of nominations from the Scheme's pensioners. Where there are more nominations than vacancies for the member representatives the final appointment(s) will be made by the Member Nominated Trustee Selection Committee, which comprises one representative of each Participating College who is elected by the members at that College. Contributions paid by members and their Colleges are the amounts necessary to provide the Trustee Company with sufficient funds to meet the benefits provided by the Scheme. The benefits for the members in each College are provided out of that College's part of the Scheme, so there are no cross-subsidies between the Colleges who participate in the Scheme.

If you require information about the Scheme or your benefit entitlement you should contact either the College Office or the Administrator, Head of Pensions Administration, University of Cambridge, Greenwich House, Madingley Road, Cambridge, CB3 0TX.

Benefits of Membership

The Scheme provides more than just a pension. It gives:

- an index-linked income when you retire plus the possibility of a tax free lump sum
- after death in retirement a pension for life for your surviving spouse/registered civil partner or if none, to someone with whom you are living in a relationship which is akin to marriage. In this guide such a person will be referred to as your 'partner'.

This guide outlines the basic details of the Scheme as at October 2018 and is for general guidance only. You will be told about any significant changes to the Scheme in writing. This guide is not a legal document nor does it attempt to explain everything. The Pension Scheme is governed by a Trust Deed and Rules and if there is any difference between this guide and the Trust Deed and Rules the latter prevail. The same applies to the separate Group Income Protection scheme. Your State pension entitlement is governed by its own detailed rules.

What are the main tax features of the Scheme?

The Scheme is approved by Her Majesty's Revenue & Customs (HMRC) as a Registered Scheme under the provisions of the Finance Act 2004. This means that under current legislation:

- pension commencement lump sums are tax free
- tax is payable on all pensions from the Scheme
- HMRC limit the maximum benefits which the Scheme may provide in a tax protected environment.

Benefits – The Key Facts

How will my retirement benefits be worked out?

The Scheme's normal retirement age is 65. The amount you receive will take into account your Pensionable Service and what is called your Final Pensionable Salary. Pensionable Service includes the number of years and completed months from the date you joined the Scheme until your date of leaving the Scheme plus any additional service granted to you in respect of Additional Voluntary Contributions you have paid to the Scheme.

Your Final Pensionable Salary takes account of inflation before you retire as well as your actual earnings. It is worked out by taking a number of steps:

- first of all we take your Contribution Pay during each of the 13 years of Pensionable Service (or fewer if less than 13) immediately before your date of leaving service
- then we adjust each year's Contribution Pay in line with inflation between the time you received it and the date you left service
- the final step is to work out the average of each three consecutive years inflation- adjusted Contribution Pay in the 13 years. The highest three year average is your Final Pensionable Salary.

In other words your Final Pensionable Salary is the average of the best three consecutive years inflation adjusted Contribution Pay received in the 13 years immediately before your date of leaving service (although please note that the Basic State Pension offset would apply to your Final Pensionable Salary for any pre 1 June 2001 service you may have).

How much will my retirement benefits be at 65?

Your retirement benefits from the Scheme at 65 will be:

- a pension for life commencing on retirement at the annual rate of $1/60^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service, (completed months of service of less than one year will be counted as part of a year when working out your Pensionable Service), and
- for service before 1 June 2001 only an automatic tax free pension commencement lump sum of $1/60^{\text{th}}$ of Final Pensionable Salary for each year of Pensionable Service before 1 June 2001, (completed months of service of less than one year will be counted as part of a year when working out your Pensionable Service).

How is my pension worked out if I retire early?

With the consent of the Trustee and your College you may retire early from age 55. In all cases the amount of your early retirement pension must meet the minimum requirements relating to contracting out of the State Additional Pension. Your pension and lump sum will be worked out in the same way as the retirement benefits at 65 (see above). Then any benefits accrued in respect of service:

- **on or after 1 April 2004** will be reduced by an early retirement factor to take account of their early payment. The early retirement factor is determined by the trustee acting on the advice of the Scheme actuary and takes account of the period between the actual date of your retirement and your 65th birthday and is subject to regular review;

- **before 1 April 2004** will not be reduced if the retirement takes place after your 60th birthday. If you retire before age 60 these benefits will be reduced by an early retirement factor to take account of their early payment. The early retirement factor is determined by the trustee acting on the advice of the Scheme actuary and takes account of the period between the actual date of retirement and your 60th birthday and is subject to regular review.

What benefit options do I have at retirement?

You may if you wish:

- exchange part of your pension for a tax free pension commencement lump sum. This will be in addition to any automatic pension commencement lump sum you may be entitled to but the maximum pension commencement lump sum you can receive is equivalent to 25% of the value of your retirement benefits from the Scheme.
- give up part of your own full pension in order to increase the pension paid to your spouse/registered civil partner or partner above the normal 50%.

What retirement pension increases will I receive?

1) If you joined the Scheme before 1 April 2004

The whole of your pension will be fully index linked in retirement. Most of the liability to increase your pension falls on the Scheme and the remainder, if you joined the Scheme prior to 6 April 1997, is met by the Government adding to your State retirement pension. The amount paid by the Government will be based on that part of your pension entitlement (called a Guaranteed Minimum Pension or GMP for short) which is earned:

- between April 1978 and April 1988 (the Government pays the whole of the increases on this part)
- between April 1988 and April 1997 (when GMPs stopped accruing) except for the first 3% of inflation which is borne by the Scheme.

The same principles apply to the pension paid on death after retirement to your spouse/registered civil partner or partner.

2) If you joined the Scheme after 31 March 2004

The whole of your pension will be increased by the Scheme in line with the Retail Prices Index (RPI) to a maximum of 5% per annum. Any GMP payable by the Scheme in respect of benefits transferred into the Scheme will be increased as described above.

The same principles apply to the pension paid on death after retirement to your spouse/registered civil partner or partner.

If I die in retirement what benefits are paid?

On death after you have retired the following benefits will be paid:

- an annual pension of 50% of your pension will be paid to your spouse/registered civil partner or, if you are unmarried at the date of death, to your partner. If you have exchanged part of your full pension at retirement for a pension commencement lump sum the pension will be 50% of the full

pension plus any increases which would have been paid on your full pension since you retired. This pension will be reduced if your spouse, registered civil partner or partner is more than 10 years younger than you. The reduction is 2.5% for each complete year of difference in age over 10 years. Payment of a pension to a partner will be subject to the same provisions, including the discretion of the Trustee, as the Insured Pension paid to a partner on death in service (see “**Insured death benefits**”). If you are unmarried but co-habiting with a partner at retirement you should let the Scheme Office know and notify any subsequent changes to your marital status which may occur during retirement.

- a lump sum if you die before you have been retired for five years equal to the unpaid balance of five years pension. No account will be taken of future increases which would have been paid during the balance of the five years. This lump sum is paid whether or not you have dependants and the Trustee will exercise its discretion as to who the lump sum should be paid.

If I die before receiving my pension what benefits are paid?

If you die before receiving your deferred benefits at age 65 the following will be paid:

- a refund of your contributions plus 5% p.a. compound interest under the Trustee's discretion
- a spouse's/registered civil partner's pension of 50% of your total GMP or, if greater, 1/160th of Final Pensionable Salary for each year of Pensionable Service prior to 6 April 1997. (GMPs are abolished for service from 6 April 1997)
- a spouse's/registered civil partner's pension of 50% of your deferred pension in respect of Pensionable Service from 6 April 1997
- if you are unmarried at the date of death but are co-habiting with a partner of the same or opposite sex the pension which would have been paid to a surviving spouse may be paid to your partner subject to the same provisions, including Trustees' discretion, as the Insured pension paid to a partner on death in service (see “**Insured death benefits**”).

Disputes - Resolving a dispute with the Scheme

If you believe you have reason to make a complaint concerning the Scheme please contact, in the first instance, the College Office who will raise this with the Scheme Administrator.

There may be situations where, despite such action, a dispute continues to exist between a member/deferred pensioner/pensioner and the Scheme. To deal with this the Scheme has a formal internal dispute resolution procedure a copy of which can be obtained from the Scheme Office or from the website (<http://www.pensions.admin.cam.ac.uk/ccfps>). This procedure should normally be used before you consider making a complaint to the Pensions Advisory Service (TPAS) or the Pensions Ombudsman. You retain the right to make such a complaint if you remain dissatisfied after the Scheme internal dispute procedure has been completed.

Independent advice and information

There are a number of organisations who are able to give information and advice about pension arrangements and their contact details are given below: -

The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) is an independent voluntary organisation that gives free help and advice to members of the public who have problems concerning either an occupational scheme such as this Scheme or a Personal Pension Scheme. The service is available to you or your dependants after you or they have failed to resolve the problem with the Scheme. TPAS can be contacted at:

11 Belgrave Road,
London,
SW1V 1RB.

Their Helpline number is 0800 011 3797.

Their website is <http://www.pensionsadvisoryservice.org.uk>

The Pensions Ombudsman

If TPAS is unable to deal with the matter to your satisfaction you can refer it to an independent Pensions Ombudsman appointed by the Government to act as an impartial adjudicator. The Pensions Ombudsman can be contacted at:

10 S Colonade
Canary Wharf
London E14 4PU

Telephone: 0207 630 2200.

Website <http://www.pensions-ombudsman.org.uk>

The Pension Tracing Service

The Pension Service keeps a central register to help people trace details of pension schemes with which they may have lost contact over the years. If you want to trace a previous pension you can contact the Pension Service at: -

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

Telephone: 0800 731 0193.

Website <http://www.gov.uk/find-lost-pension>

The Pensions Regulator (TPR)

The Pensions Regulator's (TPR) role is to enforce the law as it applies to occupational pensions. TPR is able to intervene in the running of schemes where Trustees, employers or professional advisers have failed in their duties. TPR's address is: -

Telecom House
125-135 Preston Road
Brighton
BN1 6AF

Telephone: 0870 600 7060.

Website <http://www.thepensionsregulator.gov.uk/>

Further information about the Scheme

A copy of the Scheme's Annual Report and Accounts is available on request from the Scheme Administrator, Head of Pensions Administration, University of Cambridge, 4 Mill Lane, Cambridge, CB2 1RZ or can be downloaded from the website (<http://www.pensions.admin.cam.ac.uk/ccfps/archive>). The Administrator will also provide on written request, but not more frequently than annually, details of your benefit entitlement. The details can include, on request, an estimate of your transfer value available and, if you have already left pensionable service, the period for which the amount of the transfer value is guaranteed.

Data Protection

The Trustee of the CCFPS holds and processes personal data about you and (if applicable) your spouse and dependants obtained either from you, your spouse or dependants, your employer or (if the Trustee does not have up-to-date contact details for you and are trying to locate you to arrange payment of your benefits) from a tracing agent. This data is held to be able to operate the Scheme and administer your benefits in it. This means that the Trustee is a 'data controller' under data protection legislation, and has to inform you of certain information, which is set out in the trustees Fair Processing Notice at <https://www.pensions.admin.cam.ac.uk/ccfps>

This guide was issued October 2018 and replaces all previous guides about the Scheme.