ATL Pension Scheme

MEMBER BOOKLET

January 2021

Version 4.0

Contents

1. How to use this guide

Welcome to the ATL Pension Scheme. The **Scheme** offers you a wide range of benefits, helping you to enjoy financial security in your retirement and peace of mind for you and your family before you retire.

The main features of the **Scheme** are summarised in this guide. The **Scheme** is governed by a formal Trust Deed and Rules, and where there is any difference between the provisions of the **Scheme** as laid out in this guide and those set out in the formal Trust Deed and Rules, the latter will apply. If you would like to see the governing documents or would like further information about the **Scheme** or your benefits, you should contact:

Kate Robertson
National Education Union
Hamilton House
Mabledon Place
London
WC1H 9BD

To help you to understand your benefits, the guide also uses some technical terms. These are explained in Section 3. When they are used in the text, they are shown in **bold**.

Appendix A shows an example of how **Pensionable Salary** and **Final Pensionable Salary** are defined, and Appendix B explains how to use **Salary Sacrifice**.

January 2021

2. Outline of the Scheme

Your benefits

The **Scheme** provides you with a number of valuable benefits:

A pension when you retire, with the option of taking part of it as a tax-free lump sum.

A pension for you in certain circumstances if you become unable to carry on working due to ill-health.

A pension for your **Partner** or any **Pensionable Children** on your death before or after retirement.

A lump sum if you should die in service before your **Normal Retirement Date**.

How the Scheme is run

Money for the **Scheme** is paid into a central fund both by members and the **Employer**. This fund is kept separate from the **Employer's** assets and is invested by professional investment managers appointed by the **Trustees**. The **Scheme** is registered with HM Revenue & Customs.

Financing the Scheme

At least once every three years, the **Trustees** and the **Scheme Actuary** carry out a valuation, or "financial health check" of the **Scheme** to assess if the current assets of the **Scheme** are sufficient to pay for the benefits that have been promised. As part of the valuation process, the **Trustees** and **Employer** will consider and agree the level of contributions to be paid into the **Scheme** to provide for the benefits.

Your Trustees

The **Trustees** of the **Scheme** are responsible for the administration and investment of the money in the fund. It is the **Trustees'** duty to ensure that your interests under the **Scheme** are protected. There will be four **Employer** Nominated Trustees and three Member Nominated **Trustees**. Details of the **Trustees** and their advisers are published annually in the **Trustees'** Report, which is available on request.

You and the State

Whether or not you join the **Scheme,** if you meet the necessary conditions you will receive the **New State Pension** at **State Pension Age**. The **New State Pension** is paid to all individuals who have built up the minimum level of National Insurance contributions over their working lifetime.

The New State Pension was introduced from April 2016 and replaced the previous multi-tiered system made up of the Basic State Pension and a second tier of the State pension called the State Second Pension (**S2P**). The **Scheme** was contracted-in to the **S2P**. This means that in addition to your **Basic State Pension** and your **Scheme** benefits, if you met the necessary conditions, you also built up entitlement to receive **S2P** benefits.

3. Terms used throughout this Guide

Active Member	An employee of the **Employer** who has joined the **Scheme** and who is building up benefits in the **Scheme,** either as a result of making contributions to the **Scheme** or having chosen **Salary Sacrifice**.
Annual Allowance	The maximum total increase in the value of your pension built up in the **Scheme** (and any other arrangement) that is allowable for full relief from income tax in any **tax year**. This is explained further in Section 12. Since the 2014/15 tax year, the **Annual Allowance** has been £40,000 per year.
Basic State Pension	Since April 2016 this has been replaced by the **New State Pension** system**.** This was the flat rate (not earnings related) state pension paid from **State Pension Age** to all those who have met a minimum National Insurance contributions requirement.
Beneficiary	A member's surviving Partner, Dependant, or any person nominated by the member in writing to the Trustees.
Cash Equivalent Transfer Value	The amount that you may request to be paid to a suitable pension arrangement if you leave the **Scheme**.
CPI	The Consumer Prices Index(*) is an official measurement of the rate of inflation, and indicates how much the cost of living increases each year. *(*) CPI replaced RPI as the Government's inflation measure used for determining the statutory rate of indexation and revaluation for pension benefits.*
Dependant	A **Partner** and any **Pensionable Children** of a member and anyone who is financially dependent on the member or dependent on the member because of disability.
Earnings	The total amount of gross salary and other payments (before income tax, national insurance contributions and any pension scheme contributions are deducted) that you receive from the **Employer**.

Employer	National Education Union, or, where appropriate, any employer participating in the **Scheme**.
Final Pensionable Salary	Pensionable Salary (or Notional Pensionable Salary for periods during which you choose Salary Sacrifice) in the last complete Scheme Year before the Member leaves Pensionable Service or dies, whichever occurs first. *(See Appendix A)*
Lower Earnings Limit, LEL	The Lower Earnings Limit which is used in the calculation of National Insurance contributions and State pension benefits. In the 2020/2021 **Tax Year** it is £120 per week.
New State Pension	A flat rate State pension system which has replaced the old **Basic State Pension** and **S2P** with effect from April 2016. The **New State Pension** will be paid to all those who have met a minimum National Insurance contributions requirement.
Normal Retirement Date (NRD)	Age 66 Except for those employed by ATL on 1 November 2012, joined the **Scheme** on 1 April 2013, and who are over age 55 as at 1 April 2013, which is age 65. If you have an NRD age of 65, opt out of the **Scheme,** and then later re-join, your **NRD** age will be age 66 for the second and any subsequent period of **Pensionable Service**.
Notional Pensionable Salary	*(Only relevant if you choose **Salary Sacrifice**.)* **Notional Pensionable Salary** is what your **Pensionable Salary** would have been if you had not chosen **Salary Sacrifice**.
Partner	The husband or wife or registered civil partner of a member; or a person who was, in the opinion of the **Trustees**, at the date of the member's death has had a relationship with the member closely resembling marriage or a registered civil partnership.

Pensionable Children

A child, step-child, adopted child, or a child who is dependent on a member financially or due to disability.

These children remain **Pensionable Children** for so long as they are under age 18 or under age 21 and in full-time education or training approved by the **Trustees**. The **Trustees** may continue to treat the child as a **Pensionable Child** after age 18 (or age 21 if in full-time education or training) if the child was dependent on a member due to disability.

Pensionable Salary

If you do not choose **Salary Sacrifice**, **Pensionable Salary** is your basic salary at the start of the **Scheme Year**, or in relation to the first year of your service, the rate at the date you join the **Scheme**. This excludes bonus, overtime, casual and homeworkers' allowances, and any other item of pay which the **Employer** deems to be non-pensionable, but includes London Weighting. *(See Appendix A)*

Pensionable Service

Service after joining the **Scheme** measured in complete years and days.

If you were an active member of one of the **Employer**'s previous schemes in the period immediately leading up to 1 April 2013 and were offered, and took, the option to convert your benefits in that scheme into a **Service Credit**, then your **Pensionable Service** will include this **Service Credit**.

It includes any period of paid maternity, paternity, adoption and unpaid maternity leave, plus any other service considered as pensionable by the **Employer** and the **Trustees**.

It excludes any period during which you may have opted out of Scheme membership.

Qualifying Service

Service with the **Employer** whilst an **Active Member** of the **Scheme** plus any period of service as a member of a previous pension arrangement which has been transferred into the **Scheme**.

In particular, if you were a member of one of the **Employer**'s previous schemes in the period immediately leading up to 1 April 2013, then your period of membership of that scheme will be included in your **Qualifying Service**.

Relevant percentage

The contribution rate relevant for your **Pensionable Salary**. See Section 5.

RPI	The Retail Prices Index is an official measurement of the rate of inflation, and indicates how much the cost of living increases each year.
State Second Pension, S2P	The State Second Pension, which is the second tier of the State pension, replaced **SERPS** from 6 April 2002 and provides an additional State pension on top of the **Basic State Pension** based on your **Earnings** between the **LEL** and **UEL**. In April 2016 this was replaced by the **New State Pension** system.
Salary Sacrifice	A means of paying for membership of the **Scheme** by taking a reduction in your **Earnings** instead of making member contributions to the **Scheme**. See Section 5 for your contributions and see *Appendix B* for **Salary Sacrifice**.
Scheme Actuary	An adviser to the **Trustees** of the **Scheme**
Scheme	ATL Pension Scheme
Scheme Year	1 January to 31 December. For the first year of the Scheme, the **Scheme Year** started on 1 April 2013 and finished on 31 December 2013.
Service Credit	A number of years' service granted in the **Scheme** in respect of pension transferred in from any of the **Employer**'s previous schemes.
SERPS	The State Earnings Related Pension Scheme preceded **S2P** and provided an additional State pension based on a member's **Earnings** between the **LEL** and **UEL** during the period 6 April 1978 to 5 April 2002.
State Pension Age, SPA	State Pension Age. The age at which you can draw your **Basic State Pension** and your **S2P/SERPS**.
Tax Year	The 12-month period commencing 6 April.
Trustees	4 **Employer** nominated **Trustees** and 3 Member nominated **Trustees**.
UEL	The Upper Earnings Limit which is used in the calculation of National Insurance contributions and State pension benefits. In the 2020/2021 **Tax Year** it is £962 per week.

4. Joining the Scheme

Membership

Membership is open to all employees of the **Employer** whose contract of employment states that they are eligible and whose age is below State Pension Age.

Most employees will be enrolled automatically (see below) but those who are not eligible for auto-enrolment can still join if they want and should contact Kate Robertson.

Auto-enrolment

To help people save more for their retirement, the Government now requires employers to auto-enrol their employees into a qualifying workplace pension scheme. This applies to those who aren't already in one and who:

- earn over a minimum amount (currently £10,000 a year or £833 a month);
- are aged 22 or over; and
- are under State Pension Age.

Employees who meet these conditions but who choose not to join the **Scheme** when it started will be auto-enrolled on future re-enrolment dates (which occur every three years).

If you are not yet eligible, you will be automatically enrolled in the **Scheme** should you ever become eligible.

All new employees who meet the eligibility conditions are also automatically enrolled in the **Scheme** the month after they join the **Employer**.

When this happens, you can choose to opt out of the **Scheme** if you want to, but if you stay in you'll have a pension which will be paid to you when you retire. Instructions on how to opt out will be included in the letter confirming your auto-enrolment. If you opt out within the first month of membership you will be refunded the contributions, you have paid and will be treated as if you had never joined the **Scheme**. If you wish to withdraw from membership at a later date, you will need to give the **Trustees** one month's written notice of your intention to do so and will be treated as having been a **Scheme** member up to your date of withdrawal (see Section 11 for details).

Anyone who opts out will be automatically enrolled back into a pension scheme at a later date (usually every three years). This is a legal requirement. We will contact you when this happens, and you can opt out if it's still not right for you.

5. Contributions

Your Contributions

Contributions to the **Scheme** depend on your **Pensionable Salary**. The table below shows the **relevant percentage** you will pay if you decide to join the **Scheme**.

Salary Band (for Scheme Year starting 1 January 2021)	Relevant percentage
Below £31,457	6.0%
Between £31,458 and £39,322	7.0%
Between £39,323 and £55,050	8.5%
Between £55,051 and £66,283	9.0%
£66,284 and above	9.5%

For example, if you earn £30,000, your contribution rate will be 6.0%. The **relevant percentage** for part-time workers is based on their actual salary (not their full-time equivalent salary).

If you change your working hours during the **Scheme Year**, the **relevant percentage** and the contributions that you pay will be updated to reflect your new actual salary.

The table above shows the salary band that applies for the **Scheme Year** starting on 1 January 2021. From time to time, the salary bands may be amended by the **Employer**.

Salary Sacrifice

There are two ways in which you can pay for your membership of the **Scheme**. You can either:

Contribute the **relevant percentage** of your **Pensionable Salary** to the **Scheme**; or

Choose "**Salary Sacrifice**", in which case your **Earnings** will be reduced by the **relevant percentage** of your **Notional Pensionable Salary** but you will not have to make any contributions to the **Scheme** from your reduced **Earnings**. (Your benefits from the **Scheme** would be based on your **Notional Pensionable Salary** for periods when you choose **Salary Sacrifice**.) For more details about **Salary Sacrifice**, see *Appendix B*.

If you wish to choose **Salary Sacrifice** you will need to indicate this on your 'Application for Membership' form.

If you do not indicate this then it will be assumed that you have decided to contribute the **relevant percentage** of your **Pensionable Salary** to the **Scheme**.

You can change your decision about **Salary Sacrifice** at a later date (see *Appendix B*). If you do not choose **Salary Sacrifice** when you are first eligible to do so but subsequently change your mind, your choice will take effect from the beginning of the next **Tax Year** and you will need to give the **Employer** one month's notice. You should write to Kate Robertson at the **Employer**, at the address in Section 1, if you wish to give notice of a change.

You are not permitted to pay additional voluntary contributions to the **Scheme**.

The Employer's Contributions

The **Employer** pays the balance of the cost of providing the benefits payable from the **Scheme**. This is usually substantially more than your contributions.

Tax Relief

You will automatically receive full relief from income tax on any contributions that you make to the **Scheme**, as long as the total increase in the value of your pension in the **Scheme,** added to the increase in the value of your pension in any other registered pension scheme, does not exceed the **Annual Allowance**.

The **Annual Allowance** is £40,000 for the 2020/2021 **Tax Year**. (**Annual Allowance** is discussed further in Section 12).

This tax relief will reduce the cost to you of **Scheme** contributions.

For example, if your **Pensionable Salary** is £30,000, you contribute at 6.0% and you pay income tax at a marginal rate of 20% (the basic rate applying in the 2020/2021 **Tax Year**), then your net monthly contribution will be as follows:

Your gross monthly contribution is	£150.00
Less tax relief	- £30.00
Net monthly contribution	£120.00

Note that if the increase in the "value" of your pension exceeds the **Annual Allowance** in any **tax year**, then you will be liable to a tax charge on the excess at your marginal tax rate. If you think that you might exceed the **Annual Allowance** then you should seek independent financial advice.

6. Your benefits: Pension

How to calculate your Pension

Your pension is calculated as follows:

1 / 70 x Pensionable Service x Final Pensionable Salary

Example:

A member retiring at their **NRD** with 16 years and 90 days' **Pensionable Service** with **Final Pensionable Salary** of £30,000 will receive an annual pension of:

$1 / 70 \times 16\ ^{90}/_{365} \times £30{,}000 = £6{,}963$

Your pension is payable for your lifetime, with a guarantee that at least five years' worth of pension will be paid in any event.

Part Time Members

If you work part time, then your **Pensionable Service** will be reduced to reflect the proportion of full time hours you worked and your **Final Pensionable Salary** will be based on the full time equivalent to ensure that you do not lose out as a result of part time working.

Example:

A member retiring at their **NRD** after 18 years' working half of full time hours throughout, with a part-time salary of £12,000:

His or her full time equivalent **Pensionable Service** will be calculated as:

18 x 0.5 = 9 years

His or her full time equivalent **Final Pensionable Salary** will be calculated as:

£12,000 x 2 = £24,000

So the annual pension will be: 1 / 70 x 9 x £24,000 = £3,086

7. Your benefits: Tax Free Lump Sum

How to calculate your tax free lump sum option

When you retire you may, with the consent of the **Employer** and **Trustees**, exchange some of your pension for a tax free lump sum.

The maximum amount of tax free lump sum you can take is calculated using an approach laid down by HM Revenue & Customs. The maximum amount of tax free lump sum under this approach is calculated according to the following formula:

(P x 20) / (3 + 20 / CF)

Where

P = Pension before any exchange for tax free lump sum

CF = amount of tax free lump sum that can be taken for every £1 per annum of pension given up at the age at retirement

In effect, the approach allows you to take up to 25% of the “value” of your retirement benefits as a tax free lump sum (where the “value” of any pension benefit is calculated as 20 times the annual amount of pension).

The amount of tax free lump sum that can be taken for every £1 per annum of pension given up varies by age at retirement. These amounts are set by the **Trustees** after taking advice from the **Scheme Actuary** and are reviewed from time to time.

If you do exchange some of your pension for a tax free lump sum on retirement, then this will not affect the amount of your **Partner’s** pension or any pension payable to **Pensionable Children** that become payable on your death after retirement.

Example**:**

Consider the Example in Section 6 of a member retiring at their **NRD** with a pension, before any exchange of pension for a tax free lump sum, of £6,963 per annum.

If the amount of tax free lump sum that can be taken by this member at their **NRD** for every £1 per annum of pension given up is £14(*), then the maximum tax free cash sum that this member can take on retirement at their **NRD**, according to HM Revenue & Customs limits is £31,446 (i.e. (£6,963 x 20) / (3 + 20 / 14)).

If the member takes this maximum amount of tax free lump sum by commuting pension then they would be left with a residual pension, based on the above conversion terms calculated as:

Pension before exchange for a tax free lump sum £6,963 per annum

Less (£31,446 / £14) <u>£2,246 per annum</u>

Residual pension after exchange for a tax free lump sum £4,717 per annum

(*) You should note that this rate of conversion of pension to tax free lump sum is an example only and may not apply in practice. If you wish to know what the current rate of conversion of pension to tax free lump sum is at a given age, you should contact Kate Robertson at the address given in Section 1.

8. Your Retirement Choices

Normal Retirement

As shown above in the previous sections, when you retire at your **NRD** you are entitled to receive a pension from the **Scheme**, part of which may normally be exchanged for a tax free lump sum. The **Scheme** has other retirement options that are described below.

Early Retirement

You may request to take early retirement at any time after age 55. However, if you choose to retire before your **NRD**, your pension will be reduced to take account of the longer period of time for which it will be paid. Early retirement requires the consent of the **Employer**, who will consider applications on an individual basis.

The amount of reductions applying at each age at early retirement are set by the **Employer** and the **Trustees** and after taking advice from the **Scheme Actuary**, and are regularly reviewed.

Ill Health Retirement

In the event you suffer serious ill health or injury, such that you are incapable of carrying on your occupation with the **Employer**, and will continue to be incapable, you may apply for an immediate retirement pension on the grounds of ill health. Granting of such a pension is subject to **Employer** consent based on medical advice.

Your Ill Health Retirement Pension will be calculated as for Early Retirement.

Your Ill Health Retirement Pension may be subject to review and, should you recover from ill health or injury, then payment of the pension will stop. In this case, your Ill Health Retirement Pension would be replaced by a deferred pension (see Section 11).

Late Retirement

You may delay taking your retirement benefits from the **Scheme** until after your **NRD**.

At your **NRD** you will have the option to either:

continue to pay contributions (or continue to participate in **Salary Sacrifice**) and build up further benefits; or

stop paying contributions (or leave **Salary Sacrifice**).

If you cease paying contributions, you may draw your pension and continue to work with the consent of the **Employer**.

You should note that if you are contributing via **Salary Sacrifice** at your **NRD** you will also have the right to opt out and pay contributions instead. Since employees are not required to pay national insurance contributions after they have reached **State Pension Age** this may be a sensible move for you to make, but you may want to obtain independent financial advice before deciding either way.

If you choose to continue to pay contributions (or to continue to participate in **Salary Sacrifice**), your **Pensionable Service** will continue to build up until you actually retire.

If you prefer to stop paying contributions (or leave **Salary Sacrifice**) your **Pensionable Service** will finish at your **NRD**, and you will be paid a pension calculated in the same way as a Normal Retirement Pension.

Whilst you continue to pay contributions you will continue to be covered for death in service benefits (see Section 10) between your **NRD** and the actual date of retirement. If you decide to stop paying contributions, draw your pension and continue to work, your benefits on death will be those applicable to a retired member.

9. Pension increases

Pension increases

Pensions earned in the **Scheme** are guaranteed to increase in payment in line with increases in inflation up to a maximum of 2.5% per year. Pensions will increase each April.

The inflation measure is the one prescribed by the Government for the purposes of the annual increase in the rate of pensions. At the date of this booklet **CPI** was the measure of inflation used.

If your pension has been in payment for less than 12 months when the first such increase is paid, you will be given a proportionate increase equal to 1/12th of the full increase for each complete month between the date of retirement and the next 1 April.

Partners' pensions or any pension payable to **Pensionable Children** will be increased each year in the same way as members' pensions.

As well as the guaranteed increases shown above, which are required by law, the **Employer**, with the **Trustees'** agreement, may award discretionary increases on elements of both deferred pensions and on pensions in payment that are not guaranteed to increase, or are required to be increased by law.

10. Benefits for your family

Death in service

If you die while an **Active Member** of the **Scheme**, the following benefits will be payable:

- Lump sum

  4 x **Pensionable Salary** if you had not chosen **Salary Sacrifice** at the time of your death

  or

  4 x **Notional Pensionable Salary** if you had chosen **Salary Sacrifice** at the time of your death

- **Partner**'s pension

  Death before your **NRD:**

  Your **Partner** will be entitled to receive a pension, payable for life, which is equal to half the pension you would have received at your **NRD**, based on the **Pensionable Service** that you would have completed up to your **NRD**, and your **Final Pensionable Salary** at the date of death.

  Death on or after your **NRD:**

  Your **Partner** will be entitled to receive a pension, payable for life, which is equal to half the pension you would have received had you retired immediately before your death, based on the **Pensionable Service** that you would have completed up to that date, and your **Final Pensionable Salary** at the date of death.

- Children's pensions

  If you leave no surviving **Partner**, a **Pensionable Child** may receive a pension. If there is one **Pensionable Child**, they will receive a pension equal to a **Partner's** pension described above. If there is more than one **Pensionable Child**, then each will receive a share of a **Partner's** pension. Note that a **Pensionable Child's** pension ceases when he or she ceases to be a **Pensionable Child**.

To help the **Trustees** in deciding how the lump sum benefit should be shared amongst your **Beneficiaries** you should complete the Expression of Wish Form. You should keep the Expression of Wish Form up to date whenever your circumstances change and you can request a new form at any time from Kate Robertson. If you have no surviving **Beneficiaries** at your date of death, or if you are over age 75 then no lump sum benefit will be payable.

However please note that payment of the lump sum is made at the discretion of the **Trustees** in order to ensure that the payment is not subject to UK inheritance tax. The **Trustees** cannot therefore be bound to comply with your wishes as set out in the Expression of Wish Form.

Death in retirement

If you die after your **Scheme** pension has started to be paid, benefits payable are:

- Lump sum

  A lump sum is only payable if you die within five years of retirement, in which case a sum equal to the balance of the remaining first five years' pension payments (not allowing for future pension increases) will be paid. For example, if you die exactly four years after retirement, a lump sum equal to one year's worth of pension payments will be paid. If you die after five years of retirement, a lump sum will not be paid. The **Trustees** will decide how to pay a lump sum to your **Beneficiaries**.

- **Partner**'s pension

  If you leave a **Partner**, he or she will receive an annual pension equal to half of the pension that you would have been receiving at death had you not exchanged any pension for a tax free lump sum at retirement.

- Children's pensions

  If you leave no surviving **Partner**, a **Pensionable Child** may receive a pension. If there is one **Pensionable Child**, they will receive a pension equal to a **Partner**'s pension described above. If there is more than one **Pensionable Child**, then each will receive a share of a **Partner**'s pension. Note that a **Pensionable Child**'s pension ceases when he or she ceases to be a **Pensionable Child**.

Again, to help the **Trustees** in deciding how the lump sum benefit should be shared amongst your **Beneficiaries** it is important that you complete the Expression of Wish Form. You should keep the Expression of Wish Form up to date whenever your circumstances change, and you can request a new form at any time from Kate Robertson. If you have no surviving **Beneficiaries** at your date of death, or if you are over age 75 then no lump sum benefit will be payable.

However please note that payment of the lump sum is made at the discretion of the **Trustees** in order to ensure that the payment is not subject to UK inheritance tax. The **Trustees** cannot therefore be bound to comply with your wishes as set out in the Expression of Wish Form.

11. Leaving the Scheme

Leaving the Scheme with two or more years' Qualifying Service

If you leave the **Scheme** before your **NRD** with two or more years' **Qualifying Service**, the benefits you have built up will be kept in the **Scheme** for you until you retire. See "Deferred Benefits Option" section below.

or

You can request that a **Cash Equivalent Transfer Value** is paid to another suitable pension arrangement. See "Transfer of Deferred Benefits Option" section below.

Leaving the Scheme before completion of two years' Qualifying Service

If you leave the **Scheme** before your **NRD** with less than two years' **Qualifying Service**, you will be given a refund of any contributions that you may have made to the **Scheme**. Refunds are subject to tax. (However you should note that for any period during which you had chosen **Salary Sacrifice** you would have made no contributions to the **Scheme** and so no refund would be payable. You would not be compensated for the fact that your **Earnings** were reduced as a result of choosing **Salary Sacrifice**.)

or

You can request that a **Cash Equivalent Transfer Value** is paid to another suitable pension arrangement. See "Transfer of Deferred Benefits Option" section below.

or

If you were a member of one of the **Employer's** previous schemes in the period immediately leading up to 1 April 2013, and you chose to take a **Service Credit** in the **Scheme**, you can request for the benefits you have built to be kept in the **Scheme** for you until you retire. See "Deferred Benefits Option" section below.

Deferred Benefits Option

Your deferred pension is calculated as follows:

1 / 70 x Pensionable Service x Final Pensionable Salary

Your deferred pension will come into payment at your **NRD**. It will be increased from your date of leaving to your **NRD** in line with statutory revaluation orders, i.e. broadly in line with the increase in the **CPI** over the period up to a maximum of 2.5% per year. You will be able to exchange part of your deferred pension for a tax free lump sum at retirement (as described in Section 7 above).

Early Retirement for leavers

You may request to take early retirement at any time after age 55. However, if you choose to retire before your **NRD**, your pension will be reduced to take account of the longer period of time for which it will be paid. Early retirement requires the consent of the **Employer**, who will consider applications on an individual basis.

The amount of reductions applying at each age at early retirement are set by the **Employer** and the **Trustees** after taking advice from the **Scheme Actuary** and are regularly reviewed.

Ill Health Retirement for leavers

If, after taking medical advice, the **Employer** decides that you are too ill to earn a living, then your deferred pension may be paid at any time before your **NRD**. The amount of pension coming into payment would be your deferred pension at date of leaving revalued up to your retirement date and would be reduced for early payment. The pension will be subject to review and, should you recover, it will be stopped and your deferred pension reinstated.

Late Retirement for leavers

You may delay taking your retirement benefits from the **Scheme** until after your **NRD** (with the consent of the **Employer**), but not after reaching age 75. Your pension will be increased for late payment on a basis determined by the **Employer** and the **Trustees** after receiving advice from the **Scheme Actuary**.

Death before your pension commences after having left the Scheme

Should you die before your pension commences the benefits payable are as follows:

- Lump sum

Death on or after your **NRD** but before your pension commences:

A sum equal to the five years' payment of the pension you would have received had you retired immediately before your death (not allowing for future pension increases) will be paid. The **Trustees** will decide how to pay a lump sum to your **Beneficiaries**.

- Partner's pension

If you leave a **Partner**, he or she will receive an annual pension payable equal to half of your deferred pension benefit (including statutory increases made up to the date of your death).

Death after your pension commences

See Section 10 for the benefits payable on death in retirement.

Again, to help the **Trustees** in deciding how the lump sum benefit should be shared amongst your **Beneficiaries** it is important that you complete the Expression of Wish Form at the back of this booklet. You should keep the Expression of Wish Form up to date whenever your circumstances change, and you can request a new form at any time from Kate Robertson. If you have no surviving **Beneficiaries** at your date of death, or if you are over age 75 then no lump sum benefit will be payable.

Option to Transfer Deferred Benefits

If you have left the **Scheme** you may request a transfer of the value of the benefits you have earned to your new employer's pension scheme, a personal pension arrangement or other suitable insurance policy. This transfer amount is known as a **Cash Equivalent Transfer Value**.

The **Cash Equivalent Transfer Value** is the amount which the **Scheme Actuary** estimates is enough (at the date of the calculation) to provide your Deferred Benefits at your **NRD**. The calculation allows for statutory increases between the date you leave **Pensionable Service** and your **NRD**, and any guaranteed pension increases after your **NRD**.

If you want to consider transferring, you will be provided with a statement of the guaranteed **Cash Equivalent Transfer Value** and you will be given instructions on how to go about exercising the option. Requests for guaranteed **Cash Equivalent Transfer Values** can only be made once every 12 months. If you wish to transfer, you must reply within three months of the statement (in "the guarantee period"). You can request further details if you are interested.

If the **Cash Equivalent Transfer Value** is needed because of a divorce settlement, you should tell the **Trustees** as you may need to provide more information.

More information will be provided when you leave the **Scheme**.

12. Other Scheme information

Transfers into the Scheme

If you were an active member of one of the **Employer**'s previous schemes in the period immediately leading up to 1 April 2013 then you will have been offered the opportunity to convert your previous benefits into a **Service Credit** in the **Scheme**.

The **Employer** and the **Trustees** will decide whether or not to accept any other transfer value into the **Scheme** from any other pension arrangement. Currently, the **Trustees** are not accepting transfers into the Scheme from any other pension arrangement. However, the **Trustees** will review this again following the completion of the next actuarial valuation which should be in 2019. If you are thinking about a transfer, please contact Kate Robertson who will be able to confirm the **Trustees'** current position.

You should let Kate Robertson know about any benefits you are entitled to from previous pension arrangements, even if you decide not to transfer them.

Absence from work

Most absences from work are relatively short and do not affect your membership of the **Scheme**. While you are on paid maternity, paternity or adoption leave, your membership of the **Scheme** will continue as an **Active Member** and you will be required to pay contributions (or continue to contribute via **Salary Sacrifice**).

If you are on unpaid statutory maternity leave your membership will also continue if you wish, as if you were an **Active Member**. The terms of this period of membership will be decided by the **Employer** and **Trustees**. For other forms of unpaid absence, your **Active Membership** will continue for such period as the **Employer** and the **Trustees** decide. During all periods of unpaid leave you may be required to continue contributing (even though you are not being paid by the **Employer**).

Divorce

Should you divorce, the **Trustees** may need to pay some of your **Scheme** benefits to your former spouse, in order to comply with any court order which requires this.

In order to understand the implications on your pension when going through divorce proceedings, please contact Kate Robertson who will provide you with all the necessary information that you or your solicitor require. The **Trustees** will apply the NAPF (National Association of Pension Funds) recommended scale of charges for providing information in all divorce cases.

Lifetime Allowance

The Lifetime Allowance is a limit set by HM Revenue & Customs on the amount of benefits that you can have with tax relief. It is a limit applied to the "value" of your retirement benefits from all schemes (each pension is valued as 20 times the annual pension).

For the 2020/2021 **Tax Year** the lifetime allowance is £1.0731 million. This is equivalent to a defined benefit pension (with no tax free lump sum) of £53,655 a year.

If the value of your benefits from all pension schemes, does not exceed 1% of the lifetime allowance, then you may be able to commute all your benefits for a lump sum.

Annual Allowance

The **Annual Allowance** is the limit on the increase in the value of your pension in the **Scheme** (added to the increase in the value of your pension in any other registered pension scheme), that is eligible for full relief from income tax.

The **Annual Allowance** is £40,000 for the 2020/2021 **Tax Year**.

The value of your pension is calculated at the beginning of the **tax year** and subtracted from the total at the end of the **tax year** and any increase is compared with the **Annual Allowance.**

If the increase over the **tax year** exceeds the **Annual Allowance** then you will be liable to a tax charge on the excess at your marginal tax rate. If you think that you might exceed the **Annual Allowance** then you should seek independent financial advice.

Income tax

If your total retirement income is more than your personal income tax allowance, your **Scheme** pension will be taxed when it comes into payment.

Inheritance tax

Lump sum death in service benefits, which are paid at the **Trustees'** discretion, are not normally subject to Inheritance Tax.

Giving up your benefits

You are not allowed to assign your benefits under the **Scheme** to any other party or to use them as security for a loan.

Amendments to the Scheme – Winding up

The **Employer** is committed to the **Scheme**, but does reserve the right to amend or discontinue it. If your benefits or rights are affected you will be given written notice. If the **Scheme** is discontinued the **Trustees** will use the assets of the **Scheme** as set out in the Trust Deed and Rules.

Data Protection Act 1998

All information about members and dependants is covered by the Data Protection Act 1998. The **Trustees,** and in some cases the **Scheme Actuary,** are the Data Controllers for the data, and any queries in relation to data protection should be addressed to the Pensions Manager at the address given in Section 1. Data will be treated by the **Employer,** the **Trustees,** their advisors and administrators, as confidential. It may be used for both employment and **Scheme** administration purposes and the persons to whom the data may be disclosed will include any insurance company or other organisation concerned only where this is essential in connection with the administration of the **Scheme**.

When you join the **Scheme**, you are giving permission to the **Trustees** to hold whatever information is required to work out your benefits or for any other purpose that is necessary in the running of the **Scheme**.

Some information, such as health or personal circumstances, i.e. "sensitive personal data", cannot be used without your specific permission when it is needed, e.g. if you were to apply for an ill health pension.

You can request a copy of the data held in relation to you and any details necessary to locate the data. The data will be sent to you on receipt of your written request. Any request should clearly state the **Scheme** name.

13. Who to Contact

Who to contact

The **Trustees** aim to ensure that the **Scheme** is administered and managed to high standards, but it is possible there may be times when you are unhappy about something concerning your benefits or other matters relating to the **Scheme**.

If at any time you have a problem or are unhappy with something regarding the **Scheme** or your benefits, then please contact Kate Robertson at the address given in Section 1.

Internal Dispute Resolution Procedure

The Internal Dispute Resolution Procedure is a process for resolving complaints or disputes about any matter relating to the **Scheme**.

Complaints and appeals must be made in an appropriate manner. Special application forms are available for these purposes. If you wish to do so, you can nominate a representative to act for you. The Internal Dispute Resolution Procedures only apply to matters concerning the **Scheme** which affect members and prospective members. This also applies to those who have, or who claim to have, an entitlement to a benefit under the **Scheme**. The procedures do not apply to complaints and disputes between employees and the **Employer** or between the **Employer** and the **Trustees**. They also do not apply to complaints or disputes where court proceedings have started or which are being investigated by the Pensions Ombudsman.

You will normally be expected to have taken your complaint or dispute through this procedure before The Pensions Advisory Service (TPAS) or the Pensions Ombudsman will take on your case.

The Pensions Advisory Service (TPAS)

TPAS is an independent, free service available to assist **Scheme** members and their dependants, with problems with their pension arrangements.

TPAS operate a telephone helpline (0300 123 1047) which is open Monday to Friday 9am to 5pm.

TPAS can be contacted at:
11 Belgrave Road
London
SW1V 1RB.

www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman can investigate and decide upon any complaints or disputes of fact or law in relation to occupational pension schemes. The Ombudsman will expect the administrators and the Trustees of a scheme to have approached TPAS before he will investigate any complaint himself.

His services are free and he can be contacted at the same address as TPAS, above.

Telephone: 020 7630 2200

www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is the regulator of work based pensions in the UK. The Pensions Regulator is able to intervene in the running of pension schemes where the Trustees, employers or professional advisers fail to carry out their duties in relation to the pension scheme.

If you want to contact the Pensions Regulator, the address is:

Napier House
Trafalgar Place
Brighton
BN1 4DW

Telephone: **0345 600 0707**

www.thepensionsregulator.gov.uk

Department for Work & Pensions (DWP)

Certain information relating to the **Scheme**, including details of an address at which the **Trustees** may be located has been registered with the DWP. A tracing service may be of help to you if you need to contact the Trustees of a previous employer's pension scheme and cannot trace them yourself.

If you wish to contact the DWP to trace a scheme, the address is:

Pension Tracing Service
The Pension Service 9
Mail Handling Site A
Wolverhampton
WV98 1LU

Telephone: 0800 731 0193

Scheme website

Information and Scheme forms can be found on the Scheme's website. To access the website, please contact the Scheme Administrator:

Telephone: 0161 348 7400; or

Email: ATLquestions@firstactuarial.co.uk

Additional Information

The following documents are available on request:

- Copies of the Trust Deed and Rules governing the **Scheme**
- **Trustees**' Annual Report and Accounts
- Actuarial Valuation Reports and Annual Updates
- Schedule of Contributions agreed between the **Employer** and the **Trustees**
- Statement of Funding Principles
- Statement of Investment Principles
- Any Recovery Plan where the **Scheme** is regarded as under-funded

Please contact:

Kate Robertson
National Education Union
Hamilton House
Mabledon Place
London
WC1H 9BD

APPENDIX A: Pensionable Salary and Final Pensionable Salary

Pensionable Salary and Final Pensionable Salary are used as follows:

- You pay contributions and receive life cover based on your **Pensionable Salary**.
- Your benefits at retirement (or leaving) are calculated based on your **Final Pensionable Salary**.

Where:

Pensionable Salary (or **Notional Pensionable Salary** if you choose **Salary Sacrifice**) is your basic salary at the start of the **Scheme Year**. This excludes bonus, overtime, casual and homeworkers' allowances but includes London Weighting.

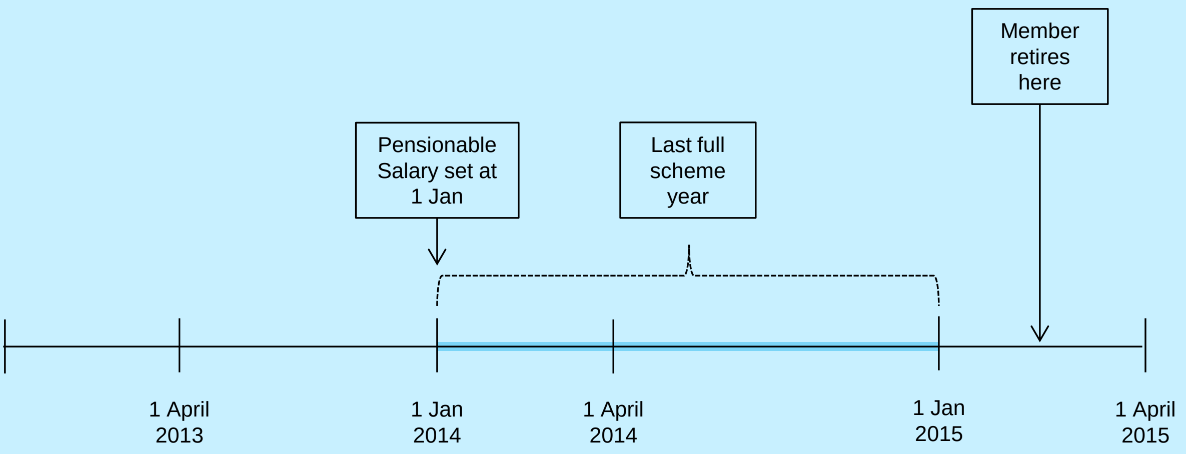
Final Pensionable Salary is your **Pensionable Salary** (or **Notional Pensionable Salary** if you choose **Salary Sacrifice**) in the last complete **Scheme Year** before you leave or retire.

Scheme Year runs from 1 January to 31 December. For the first year of the Scheme, the **Scheme Year** started on 1 April 2013 and finished on 31 December 2013.

An example is given below.

Example

A member retires on 1 February 2015. The last complete Scheme Year before he retires ran from 1 January 2014 to 31 December 2014. His Pensionable Salary that applied over this Scheme Year is his basic salary plus London Weighting at the start of this Scheme Year, i.e. as at 1 January 2014. So, his Final Pensionable Salary is equal to his Pensionable Salary on 1 January 2014.



APPENDIX B: How does Salary Sacrifice work?

Members of the **Scheme** have the option to elect for **Salary Sacrifice**.

Salary Sacrifice refers to a method of reducing the overall cost of providing pension benefits. It is also known as a 'salary sacrifice scheme'.

Contributions to pension schemes are exempt from income tax. However, National Insurance Contributions (NICs) are based on overall salary, before any pension scheme contributions are deducted.

How Salary Sacrifice works

The basic idea behind **Salary Sacrifice** is that, instead of you making contributions to the **Scheme**, you agree to a reduction in your **Earnings**. You then continue to build up the same benefits in the **Scheme** without having to make normal member contributions to the **Scheme** as an **Active Member**. Instead, the **Employer** would pay an additional amount to the **Scheme** in exchange for the reduction in your **Earnings**. Any benefits you receive from the **Scheme** will still be based on your **Notional Pensionable Salary**. Choosing **Salary Sacrifice** will therefore have no effect, in general, on the amount of benefits you will build up in the **Scheme**.

As NICs are based on your **Earnings**, a lower rate of **Earnings** produces NIC savings for both you and the **Employer**. This is explained in further detail below.

When you join the **Scheme** you have a choice of two ways in which you can "pay" for your membership of the **Scheme**. You can either:

Contribute the **relevant percentage** of your **Pensionable Salary** to the **Scheme**; or

You can choose **Salary Sacrifice**

If you choose **Salary Sacrifice**, your **Earnings** will be reduced by the **relevant percentage** of your **Notional Pensionable Salary**, but you will not have to make any normal member contributions to the **Scheme** and both you and the **Employer** will pay lower NICs.

How will choosing Salary Sacrifice affect my take-home pay?

The example shown below is based on an **Active Member** of the **Scheme** with either:

Pensionable Salary of £30,000 in the 2020/2021 **Tax Year** if he/she does not choose **Salary Sacrifice**, or

Notional Pensionable Salary of £30,000 if he/she does choose **Salary Sacrifice**.

This illustrates the effect choosing **Salary Sacrifice** will have on net take-home pay.

New Scheme			
Without Salary Sacrifice		**With Salary Sacrifice**	
Pensionable Salary	£30,000	Notional Pensionable Salary	£30,000
Less pension contributions (6.0%)	£1,800	Less Salary Sacrifice deduction (6.0%)	£1,800
		Reduced Pensionable Salary	£28,200
Less income tax	£3,140	Less income tax	£3,140
Less National Insurance	£2,460	Less National Insurance	£2,240
Net take-home pay	**£22,600**	**Net take-home pay**	**£22,820**
Increase of			£220

Notes:

1. *The example is based on NI and tax rates and thresholds for the 2020/21 tax year and assume a personal tax-free allowance of £12,500.*
2. *All figures have been rounded to the nearest pound.*

What does the Member save by choosing Salary Sacrifice?

In this example the member’s total saving is approximately £220 a year by choosing **Salary Sacrifice** rather than paying the 6.0% member contribution rate. This takes into consideration all deductions including the **Salary Sacrifice** adjustment to **Earnings** and NIC savings.

How can I check the actual change in my take home pay?

The actual change in your take home pay if you choose **Salary Sacrifice** rather than paying member contributions will depend on your level of **Notional Pensionable Salary** and the various tax and National Insurance (NI) rates.

The table below shows indicative overall savings for members with **Notional Pensionable Salary** at various levels based on the income tax and NI rates in force for the 2020/21 **Tax Year** (and will be subject to future changes in legislation):

Notional Pensionable Salary	Annual Saving (nearest whole £s)
£20,000	£150
£30,000	£220
£40,000	£410
£50,000	£510
£60,000	£110

If you are over **State Pension Age**[1] then you will stop paying NICs and you will not make any savings by contributing via **Salary Sacrifice**.

If my Earnings are reduced under Salary Sacrifice will my pension benefits be lower?

No. In order to prevent a reduction in benefits, the **Scheme** will base your pension on your **Final Pensionable Salary** (which is calculated by considering **Notional Pensionable Salary** for periods when a member chose **Salary Sacrifice**).

The same approach applies to any other **Scheme** benefits. For example, the death in service lump sum is based on **Notional Pensionable Salary** if you chose **Salary Sacrifice**.

If you leave the **Scheme** with less than two years' **Qualifying Service**, you would usually be entitled to a refund of any contributions you have paid to the **Scheme**. However, if you choose **Salary Sacrifice** you will not have paid contributions to the **Scheme** so there will be nothing to refund in respect of your time in the **Scheme.** You will not be compensated for the fact that your **Earnings** were reduced by choosing **Salary Sacrifice**. Therefore, if you choose **Salary Sacrifice** and leave the **Scheme** with less than two years' **Qualifying Service**, you will not receive a refund in respect of your period as a member of the **Scheme**, but instead will be able to opt for a **Cash Equivalent Transfer Value** to be paid to an alternative pension arrangement. Further details are available on request.

If my Earnings are reduced under Salary Sacrifice, will other Earnings related employee benefits be affected?

No. All other **Earnings** related employment benefits will be based on the **Earnings** you would have received if you had not chosen **Salary Sacrifice**. This will include redundancy pay, overtime or sick pay (although your State benefits may be affected, see below).

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[1] If you would like to know your State Pension Age there is a State Pension Age calculator on The Pension Service website (www.thepensionservice.gov.uk).

Are there any potential disadvantages to Salary Sacrifice?

As your actual **Earnings** (before tax, NICs and any pension scheme contributions) will be reduced if you choose **Salary Sacrifice**, there are some possible disadvantages.

If you are looking to take out a mortgage then some lenders may base their limits on your actual **Earnings** so the amount that they would be willing to lend you may be reduced. However, most lenders consider your actual take-home pay in which case there would be no adverse consequences. When asked for a reference for a mortgage or loan, ATL will quote your **Notional Pensionable Salary**, i.e. what your **Pensionable Salary** would have been if you had not chosen **Salary Sacrifice**.

Entitlements to some State benefits are based on the amount of NICs that have been paid. The reduction in your **Earnings** can therefore reduce your entitlement to state benefits. In particular, if your annual salary is reduced to below the **Lower Earnings Limit** (£120 per week in the 2020/21 **Tax Year**) you will stop paying NICs. This can have an impact on your state pension and entitlement to statutory sick pay, maternity pay etc. The **Employer** will discuss the issues on an individual basis with any **Scheme** members who are likely to be affected in this way.

As mentioned above, once you reach **State Pension Age**, you stop paying NICs. Therefore, being in **Salary Sacrifice** would no longer result in any NIC savings. You may therefore wish to reconsider any decision to choose **Salary Sacrifice** when you reach State Pension Age.

When do I need to decide whether to choose Salary Sacrifice?

When you join the **Scheme** you will need to decide whether you would like to choose **Salary Sacrifice**.

If you do wish to choose **Salary Sacrifice** you will need to indicate this on your 'Application for Membership' form.

If you do not indicate this then it will be assumed that you have decided to contribute the **relevant percentage** of your **Pensionable Salary** to the **Scheme**.

Is it possible to change my decision in the future?

Yes. If you choose **Salary Sacrifice** then you will not usually be able to opt out until 12 months after you chose **Salary Sacrifice**. You will need to give the **Employer** one month's notice of your decision.

If you have not chosen **Salary Sacrifice** then you can opt in at the start of any **tax year** (i.e. each 6 April). You will have to give the **Employer** one month's notice.

It may also be possible to change your decision at other times if you have a significant change in your personal circumstances, however, this would be subject to the agreement of the **Employer**.