



**A MEMBER'S GUIDE TO THE  
NATIONAL UNION OF  
TEACHERS  
STAFF SUPERANNUATION  
FUND**

**REVISED MAY 2018**

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## INTRODUCTION

### Type of Scheme

The Staff Superannuation Fund ('the Fund') is a 'final salary' scheme which provides valuable benefits to its members. The term final salary means that the main benefits are based on a salary figure – "*Average Salary*" – *calculated at or near your date of retirement or leaving*.

Final salary pension schemes are becoming increasingly rare outside the Public Services and staff are encouraged to remain in the Fund and not opt out. This Guide summarises the main benefits to which employees may be entitled. Terms in *italics* are defined in the definitions section, pages [23 – 29]. This document is not a fully comprehensive guide to the Fund and employees may therefore seek further information appropriate to their individual circumstances from the Personnel Section (details of how to contact the Personnel Section are given under "**More Information**" on page 23).

### Governing Documents

The Trust Deed and Rules of the Fund are the legal documents governing the Fund. If the information in this Guide differs from the terms of the Trust Deed and Rules, or from any legislation, the Trust Deed and Rules or the legislation, as appropriate, will take precedence over the Guide. Copies of the Trust Deed and Rules are available on request from the Personnel Section.

### Contribution Rate

Most staff who are members of the Fund use the *Salary Exchange* facility. Staff who participate currently sacrifice 9.5% of their *Salary* to enable the Union to make a contribution into the Fund equivalent to the amount sacrificed. Full details of this facility are available in the attached *Salary Exchange Policy and Procedure* document – but a key feature is that this method reduces the amount of *Salary* you earn and therefore the amount of tax and National Insurance you are liable to pay. With the National Insurance saving taken into you account members of the Fund using the *Salary Exchange* effectively pay 8.7% of their *Salary* into the Fund.

Members choosing not to take advantage of the *Salary Exchange* facility pay 9.5% of their *Salary* into the Fund.

The Union pays either a contribution of 29% of the member's *Salary* for members using the *Salary Exchange* facility or a contribution of 28.2% for members not using the *Salary Exchange* facility.

The size of this contribution demonstrates the strength of the Union's commitment to maintaining benefits based on employees' best average salary.

### Impact of Joining Date on Fund Benefits

Those who join the Fund on or after 1 June 2016 will accrue a pension at the rate of 1/66 of *Average Salary* for each year of *Reckonable Service*. Those who joined the Fund before 1 June 2016 will accrue different benefits for earlier periods of *Reckonable Service*. Examples of how benefits are calculated for different periods of *Reckonable Service* are shown in Section 2 "How will my benefits be calculated".

The Fund has a normal pension age ('*NPA*') of 65 for all members. This is the age at which you can access your benefits in full without any reduction. This does not mean however that members will actually have to work until age 65 in order to take their benefits or be forced to take their benefits at that age if they continue in service beyond it.

On account of having been in the Fund when an earlier NPA was in place, Members with pre- 1 February 2008 *Reckonable Service* can access their benefits in full at age 60 but they will incur an actuarial reduction on the part of their benefits accrued after 31 August 2010.

Members who joined the Fund post 31 January 2008 who retire prior to their NRA of 65 will incur an actuarial reduction in relation to all of their *Reckonable Service*.

The most commonly asked questions about the Fund are set out and answered below. The Guide cannot deal with every issue, however, and any detailed queries should be put to the Personnel Section who will refer them to the Fund Administrator where necessary.

### **Impact of rule changes on Fund benefits**

Changes in Fund rules do not affect benefits which have accrued up to the effective date of the change. On and after the date of change the new rules will apply to future service.

The three most significant rule change dates that have impacted members benefits have been:-

1<sup>st</sup> February 2008  
1<sup>st</sup> September 2010  
1<sup>st</sup> June 2016

The impact of these changes are detailed in the section “how will my benefits be calculated”

### **Commonly asked questions**

**The most commonly asked questions about the fund are set out and answered below. The Guide cannot deal with every issue, however, and any detailed questions should be put to the Personnel Section.**

#### **1. How do I join the Fund?**

New starters

You will become a member of the Fund automatically from the start of your employment provided you are at least 16 and not over 74. You will also normally be included in the *Salary Exchange* facility automatically.

You may, however, opt out of automatic membership by giving an Opt-out Notice to the Union within one month of your admission (or the date you receive enrolment information from the Employer, if later).

You can obtain an Opt-out Notice from the Personnel Section. If this is received by the Union within the appropriate timescale they will re-instate to your *Salary* the amount by which it has been reduced under the *Salary Exchange* facility.

## Automatic re-enrolment

If you have opted out of membership, you will be automatically re-enrolled into membership again as required to meet statutory requirements. You will be notified at that time and may again opt out by giving an Opt-out Notice to the Union as described above.

## Risks of joining later or seeking to re-join

If you have opted out of automatic membership or automatic re-enrolment or if you have opted out of membership at some other time (as described later in the section: **“Opting out of membership”** on page 19), you can still apply to join or re-join the Fund at another date of your own choosing. However, any decision on joining/re-joining in those circumstances is at the discretion of the *Management Committee*. To join or re-join the Fund at another date of your own choosing, an application must be submitted to the *Management Committee*. To assist in making their decision the *Management Committee* will require you to complete a Health Declaration Form supplied by the insurance company which insures the cash sum death benefit. If the insurance company does not accept you on normal terms, the *Management Committee* may require further medical evidence which you will need to provide at your own expense. Further details can be obtained from the Personnel Section.

**There is no guarantee that the Management Committee will allow a voluntary joiner or a re-joiner to enter the Fund at a date of their own choosing.**

## 2. How will my benefits be calculated?

When you wish to retire you will need to notify the Personnel Section of your intention. This should be done at least two months ahead of your planned retirement date. You will be sent a retirement application form. On leaving service at your *NPA* you will receive the following benefits:

### **For staff who have been members of the Fund since before 1 February 2008**

#### **A In respect of your *Reckonable Service* completed prior to 1 September 2010:**

a pension calculated as 1/80th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

and

a separate lump sum calculated as 3/80ths of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

(Note: You can opt to exchange part of your pension for an additional lump sum as explained in Section 8 below).

#### **B In respect of your *Reckonable Service* completed from 1 September 2010 to 31<sup>st</sup> May 2016**

a pension calculated as 1/60th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

**C In respect of your *Reckonable Service* completed from 1 June 2016**

a pension calculated as 1/66th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

**Example :**

A member who joined the Fund on 1 September 1986 and retired on 31/05/2018.

*Average Salary* of £32,500 p.a.

*Reckonable Service* = 31 years, 273 days (273/365 = 0.75 yr.)

*Reckonable Service to 31 August 2010*

Lump sum =  $\frac{£32,500 \times 24 \times 3}{80} = £29,250$

Pension =  $\frac{£32,500 \times 24}{80} = £9,750$

*Reckonable Service 1 September 2010 to 31 May 2016*

Pension =  $\frac{£32,500 \times 5.75 \text{ years}}{60} = £3,114.58$

*Reckonable Service 1 June 2016 to 31<sup>st</sup> May 2018*

Pension =  $\frac{£32,500 \times 2 \text{ years}}{66} = £984.85$

Total Pension payable £13,849.43

***For staff who became members of the Fund on or after 1 February 2008 and before 1 June 2016***

**A In respect of your *Reckonable Service* completed prior to 1 June 2016**

a pension calculated as 1/60th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days. Unlike pre 1 February 2008 joiners, however, you will not receive a separate lump sum, but can reduce your annual pension to enable you to receive a lump sum in accordance with a set formula (see Section 8 below).

**B In respect of your *Reckonable Service* completed from 1 June 2016**

a pension calculated as 1/66th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

### Example

A member who joined the Fund on 1 September 2008 and retired on 31/05/2018.

*Average Salary* of £32,500 p.a.

*Reckonable Service* = 9 years, 273 days ( $273/365 = 0.75$  yr.)

*Reckonable Service* to 31 May 2016

$$\text{Pension} = \frac{\text{£}32,500 \times 7.75 \text{ years}}{60} = \text{£}4,197.92$$

*Reckonable Service* 1 June 2016 to May 2016

$$\text{Pension} = \frac{\text{£}32,500 \times 2 \text{ years}}{66} = \text{£}984.85$$

Total pension £5,182.77

### For staff who became members on or after 1 June 2016

a pension calculated as 1/66th of your *Average Salary* for each full year of such *Reckonable Service*, plus a proportionate amount for additional days.

#### Example

A member joined the Fund on the 1 June 2016 and retired on the 31 May 2018

$$\text{Pension} = \frac{\text{£}32,500 \times 2 \text{ years}}{66} = \text{£}984.85$$

### 3. I may not want to stay in service until *NPA*. Can I draw my benefits before then?

If you are entitled to preserved benefits in the event of leaving the Fund (see Section 12 iii)) then, with the consent of the *Management Committee* you can draw your benefits on leaving service on or after age 55 but there will be an *actuarial reduction* in the value of your pension benefits on account of early payment. The Scheme administrator will make a formal application to the *Management Committee* for their consent. The Personnel Section will, on request, obtain for you a calculation of your prospective benefits.

The amount of the actuarial reduction will depend upon how much earlier than *NPA* you wish to draw your benefits. It will be expressed as a percentage of the benefits that you have earned up to the proposed date of pension commencement. The actuarial reduction will apply to your pension for the rest of your life.

#### Example

An employee becomes a member of the Fund on 1 February 2008, and retires 20 years later, aged 63 years and 5 months, with an *Average Salary* of £36,000 p.a. She/he is entitled (before actuarial reductions) to a pension of £11,363.45 pa.

Due to the fact that the employee is retiring prior to the age of 65, an actuarial reduction will occur (please see table at the back of this Guide).

With the actuarial reduction, the pension will be 92.0 per cent of that figure, i.e.

a pension of £10,454.37.

Notes:

- i. Members should note that the actuarially reduced pension will be calculated based on their *Reckonable Service* at their date of pension commencement, not on what their Reckonable Service would have been at *NPA*;
- ii. On account of having been in the Fund when it had an earlier *NPA*, Members with pre- 1 February 2008 *Reckonable Service* can access their benefits in full at age 60 but they will incur an actuarial reduction on the part of their benefits accrued after 31 August 2010.

**4. I may not want to leave service at *NPA*. I may want to carry on working. What are my options?**

If, with the consent of the Union, you stay in service after *NPA*, you will, on leaving service (but no later than age 75), receive benefits calculated as described in Section 2 above.

Part or all of your benefits relating to *Reckonable Service* attained before *NPA* will also be increased on a basis determined by the *Management Committee* following actuarial advice.

You will need to consider the impact of *Salary Exchange* if you no longer pay National Insurance contributions. Please refer to the Salary Exchange Policy and Procedure document issued to members.

**5. What if I leave the Fund, become a preserved pensioner but continue working for the NUT?**

If you leave the Fund but continue in the Union's service, your benefits will be preserved in the Fund and increased in line with the Consumer Price Index until they are paid at your *NPA* (see section 12 iii) You will cease to build up future benefits and will no longer be eligible for death in service benefits.

**6. Will it be possible to phase payment of my benefits?**

'Phased retirement' is available to those aged 55 and over who, with the agreement of the Union, change their working capacity such that their *Salary* is reduced by at least 25 per cent, compared with the *Average Salary* they have received during the previous six months. This reduction in *Salary* (which must last at least 12 months otherwise the agreement will be void and future pension payments under it will be suspended) could be as a result of moving to part-time work or taking up a lower graded post.

You can take up to 75 per cent of the benefits accrued up to your change in capacity from the date your phased retirement begins. Depending on when you start your phased retirement (i.e. on, before or after *NPA*) your benefits will be calculated as described in Sections 2, 3 or 4 above.

The remainder of your benefits (based on reduced *Reckonable Service* in proportion to the percentage of benefits you took on phased retirement) may then be drawn at *NPA*, earlier or later, calculated as described in Sections 2,3,and 4 above. You will add to your benefits, of course if you continue as a member and accrued further *Reckonable Service*.



Subject to the above conditions being repeated, you may take phased retirement for a second time (but no more than that) following which the remainder of your benefit will be treated in the same way.

Staff who would like to take up the option of phased retirement need to contact the Personnel Section for detailed advice on their benefit entitlement. You should review the appropriateness of *Salary Exchange* if you take this option.

**7. How will pensions be paid and do they increase in payment?**

Pensions will be paid monthly into your bank account and each month's pension is paid in arrears on the last day of each month. If you become entitled to your pension in the middle of a month you will receive a proportionate payment to cover the period to the end of that month.

If income tax is payable on your pension, it will be deducted before you receive payment.

That part of the pension in payment which exceeds the *GMP* will be increased annually in line with the Consumer Price Index with a maximum annual increase of 2.5% in respect of the portion derived from *Reckonable Service* from 1 September 2010.

**8. I need as much cash lump sum as possible. What can I do?**

By giving up part of your pension just before payment is due to commence, you can obtain a lump sum, (or increase your existing lump sum if you have been a member of the Fund since before 1 February 2008). Under current legislation, you can choose to receive a tax free lump sum through this method of, very broadly, up to 25 per cent of the overall value of your benefits. This will include your existing lump sum if you have been a member of the Fund since before 1 February 2008.

The amount by which your annual pension will be reduced because you will be taking this further lump sum is calculated using 'commutation factors' provided by the Fund Actuary. On current terms (as at the date of this Guide) they are 16.176 at age 55 (i.e. every £1 of pension given up secures a lump sum of £16.176), 15:1 at age 60, and 13.620 at age 65 with intermediate figures in between (A Table of the commutation factors applicable at all ages as at the date of this Guide is included at page 30).

**Example**

At age 60, you are entitled to a pension of £20,000 and wish to take a cash sum of £15,000. The commutation factor at that age is 15:1, so your pension would be reduced by £15,000/15, i.e. £1,000, reducing your pension entitlement to £14,000.

If you wish to take a cash sum by giving up part of your pension, you should ask the Personnel Section for a calculation to be made on your behalf. Members considering this option are recommended to seek independent financial advice.

#### **9. How do I apply for Incapacity Benefits from the Fund?**

You may apply for Incapacity benefits from the Fund before *NPA* if you believe that you are permanently incapable of continuing working in your normal occupation because of your health. If you wish to apply, you should ask the Personnel Section for an application form for ill-health retirement.

All applications for ill-health retirement are considered by the *Management Committee*. They will seek medical reports from your doctor and/or any consultant you may have been referred to. They may also require your health to be assessed by a registered medical practitioner appointed by them.

There are two tiers of ill-health retirement; Total Incapacity Benefit (TIB) and Partial Incapacity Benefit (PIB).

##### **Total Incapacity Benefits**

If the *Management Committee* decides that you are permanently incapable of working for the Union in any capacity, you will be entitled to an immediate Total Incapacity Benefit (TIB); i.e. benefits calculated as described in Section 2 above, based on your *Reckonable Service* to your date of leaving the Union's service but enhanced by 50 per cent of the further *Reckonable Service* you could have completed between that date and your *NPA*. (NOTE: The enhancement of *Reckonable Service* for part-time employees is exactly the same as that for full-timers.) There will be no actuarial reduction of TIB on account of its early payment.

##### **Partial Incapacity Benefits**

If the *Management Committee* decides that you do not qualify for TIB but that you are permanently incapable of carrying on your own occupation or any comparable post to your own which is reasonably available to you within the Union, you will be entitled to an immediate Partial Incapacity Benefit (PIB); i.e. benefits calculated as described in Section 2 above, based on your *Reckonable Service* to your date of leaving the Union's service. There will be no enhancement of *Reckonable Service* for PIB but no actuarial reduction on account of its early payment.

Any preserved pensioners (see Section 12 iii)) seeking award of benefits on grounds of Incapacity should contact the Personnel Section as soon as possible and certainly within 6 months of leaving the Union's service (beyond which time the benefits described in this section will not be available).

#### **10. How is my membership affected if I am on *Statutory Leave* or *Additional Statutory Leave*?**

You will be credited with *Reckonable Service* in the Fund during periods of *Statutory Leave* and paid *Additional Statutory Leave*. You will pay contributions based only on your contractual pay or statutory pay actually received from the Union during those periods.

During any period of unpaid *Additional Statutory Leave* by virtue of the Employment Rights Act 1996; section 73 – Additional Maternity Leave, you can continue to contribute and receive benefit provision in return (the period of leave counting as *Reckonable Service*).

If you do not want to pay contributions, the period of leave itself will not count as *Reckonable Service* **but** your *Reckonable Service* before and after will be treated as continuous and you will still be covered for the lump sum benefit described in section 13 A (i) **and** the pension described in section 13 B below in the event of your death during the period.. Members will be informed of their options when their paid maternity leave is coming to an end and an application form will be sent.

If you are using the *Salary Exchange* facility please refer to the *Salary Exchange Policy* and Procedure document for further information.

**11. How is my membership affected if I am on sick leave?**

You will be credited with *Reckonable Service* in the Fund during periods of paid sick leave and you will pay contributions only on your contractual pay or statutory pay actually received from the Union during those periods. During any period of unpaid sick leave the Union and the *Management Committee* will decide whether or not you will remain a member of the Fund and, if so, for how long and on what terms. If this applies to you please contact the Personnel Section who can provide a copy of the *Salary Exchange Policy* and Procedure and help you apply to the *Management Committee*.

**12. What happens if I leave the Fund or the employment of the NUT?**

- i) **If you are using the *Salary Exchange* facility, have less than two years' *Qualifying Service* and the Fund has not received a transfer payment in respect of your rights under another Pension Scheme.**

You must transfer the value of the benefits built up for you to another scheme within 6 months of leaving.

- ii) **if you are not using the *Salary Exchange* facility, have less than two years' *Qualifying Service* and the Fund has not received a transfer payment in respect of your rights under another Pension Scheme.**

- You can ask for a refund of your contributions with interest at the rate of 3% per annum compound (but less an amount required to restore your State Scheme benefits and a tax deduction).

You should note that you will only receive a refund of your own and not the Union's contribution.

- You may, subject to the rules of any scheme operated by your new employer, be able to transfer out the value of your benefits in the Fund, but you must elect to do so within 6 months of leaving.

- iii) **If you leave with more than two years' *Qualifying Service* and/ or the Fund has received a transfer payment in respect of your rights**

### **under another Pension Scheme**

- You will become a “preserved pensioner” – i.e. your benefits (calculated as described in section 2) will be preserved in the Fund and increased in line with the Consumer Price Index until they are paid at your *NPA*.
- With the consent of the *Management Committee* you may choose to draw your benefits:
  - on or after age 55, or
  - at any age if they deem you to be suffering from ill health which would render you permanently incapable of carrying out work for the Union in any capacity were you still in their employment.
- Provided you leave the Fund at least a year before your *NPA*, you can also transfer a cash sum in lieu of your preserved benefits (known as a ‘cash equivalent’) to a Pension Scheme of another employer or to a Pension Scheme in your own name within 6 months of leaving.

You can ask the *Management Committee*, through the Personnel Section, for the calculation of a cash equivalent transfer value. This must be calculated in accordance with the requirements of legislation and by reference to Guidance issue by the Pensions Regulator.

You should take independent financial advice before deciding to transfer to determine whether it is in your financial interest to transfer your benefits which will depend on the amount of transfer value you are offered and benefits that will be provided in return under the other scheme.

NOTE: If you apply to transfer out of the Fund in order to obtain the new flexible access options for individuals with defined contribution pension savings then, depending on the value of your benefits in the Fund at the time of your request, the *Management Committee* may have to check that you have taken appropriate independent advice on the transfer before allowing it.

### **13. What is payable if I die?**

#### **A Lump sum**

##### **(i) Current Member Dies**

If you die whilst a contributing member, before age 75 and before you have commenced receipt of all your benefits under the Fund, a cash sum will be payable equal to the greater of:

- three times your *Average Salary* plus any AVCs you have paid (see section 14), and
- provided you leave no Spouse, Civil Partner, Nominated Dependant or Nominated Partner, your own contributions to the Fund (including that part of any transfer value received from another occupational pension scheme as represents your own contributions but excluding any AVCs) - all with interest at the rate of 3% per annum compound (less the amount of any lump sum previously paid to you under the provisions for phased retirement in section 6 above).

(ii) **Member Dies in Receipt of Benefits**

If you die after all your benefits under the Fund have come into payment (except where (iii) below applies) a cash sum will be payable equal to the amount (if any) by which five times the annual rate of your pension at the date of death exceeds the actual amount of pension received by you up to the date of death.

iii) **Member Dies within 12 months of leaving service due to Incapacity.**

If you leave service due to Incapacity which results in your death within 12 months of leaving, a cash sum will be payable of an amount equal to:

- where sections 12 (i) or (ii) above (less than two years' *Qualifying Service* and no transfer payment received in respect of you) applied to you at the date of leaving, your *Average Salary* at that date, less any amount refunded to you on leaving.
- where section 12 (iii) above (more than two years' *Qualifying Service* and/or transfer payment received in respect of you) applied to you at the date of leaving, three times your *Average Salary* at that date, less the amount of any benefits already paid to you from the Fund on or after that date.

**Beneficiary Nomination – Lump Sum Death Benefit**

You should complete a Beneficiary Nomination Form – Lump Sum Death Benefit to enable the *Management Committee* to decide who should receive any cash sum payable on your death. You should ensure that the Nomination Form is kept up-to-date. The cash sum is payable by the *Management Committee* under discretionary trust to one or more of your relatives or dependants or to your estate as they shall decide. This discretionary trust method of payment enables the cash sum to be paid free of inheritance tax under present law. The Beneficiary Nomination Form is available from the Personnel Section.

**B Pensions**

The Fund provides for short term and long term pensions payable to your surviving dependents

In order to maintain accurate up-to-date records of your dependents you should ensure that you have completed and returned the following relevant forms to the Personnel Section (these forms are available on the IntraNUT):

'Details of Spouse/Civil Partner';  
'Details of Dependent Children';  
'Nomination of Partner';  
'Nomination of Financially Dependant Relative'.

**(i) If you die leaving a *Spouse, Civil Partner, or Nominated Dependant***

**Short-term pension**

A short term pension will be paid to them for the first three months after your death. Broadly, this will be:

If you die as a contributing member, or within a year of ceasing to be a contributing member because of Incapacity (but before becoming entitled to payment of retirement benefits from the Fund), the short-term pension will generally be at the rate of your *Salary* at the date of death or date of ceasing to be a contributing member.

If you die after becoming entitled to the payment of retirement benefits, the short-term pension will generally be the amount of pension payable to you from the Fund at the date of your death (or which you would have received had you not given up any pension for a lump sum in accordance with section 8) – but will, only be paid if a long-term pension is due to be paid.

**Long term pension**

After the short term pension has ceased payment, a long term will be paid to them for the remainder of their lifetime. This will be  $1/160^{\text{th}}$  of your Average Salary multiplied by the length of your Relevant Service.

**Pension Splitting following a divorce**

If following a divorce a Pension Splitting Order (see section 16) has taken effect, any long term pension payable to a *Spouse* or *Civil Partner* will be reduced by the same proportion by which your own retirement benefits are reduced under that Order (or would have been reduced if you had become entitled to them on the day you died).

**(ii) If you die leaving a *Nominated Partner***

**Short-term pension**

A short term pension will be paid to them for the first three months after your death. This will be paid on the same terms as described in B (i) above.

**Long term pension**

After the short term pension has ceased payment, a long term pension will be paid to them for the remainder of their lifetime. This will be  $1/160^{\text{th}}$  of your *Average Salary* multiplied by the length of your *Relevant Service* after 31st January 2008.

**(iii) If you die leaving *Dependent Children in addition to a Spouse, Civil***

### ***Partner, Nominated Dependant or Nominated Partner***

#### **Short-term pension**

A short term pension will be paid to them for the first three months after your death. This will be paid on the same terms as described in B (i) above.

#### **Long term pension**

After the short term pension has ceased payment, a long term pension will be paid to them whilst any of them meet the definition of *Dependent Child*. The amount payable will depend on their number.

Broadly: for as long as there two or more *Dependent Children*, an amount equal to  $1/160^{\text{th}}$  of your *Average Salary* multiplied by the length of your *Relevant Service*; for as long as there is one *Dependent Child* an amount equal to  $1/320^{\text{th}}$  of your *Average Salary* multiplied by the length of your *Relevant Service*.

### **(iv) If you die leaving *Dependent Children but no Spouse, Civil Partner, Nominated Dependant or Nominated Partner***

#### **Short-term pension**

A short term pension will be paid to them for the first six months after your death. This will be paid on the same terms as described in B (i) above.

#### **Long term pension**

Provided section 12 (iii) above applies to you (more than two years' Qualifying Service and/or transfer payment received in respect of you) OR you die within 12 months of leaving service due to Incapacity, after the short term pension has ceased payment, a long term pension will be paid to them whilst any of them meet the definition of *Dependent Child*. The amount payable will depend on their number.

Broadly: for as long as there are two or more *Dependent Children*, an amount equal to  $1/120^{\text{th}}$  of your *Average Salary* for every year of *Reckonable Service*; for as long as there is one *Dependent Child*, an amount equal to  $1/240^{\text{th}}$  of your *Average Salary* multiplied by the length of your *Reckonable Service*

#### **Death benefits: General**

Before any benefits can be paid following your death, the *Management Committee* will require sight of your death certificate plus evidence of age (in the case of *Dependent Children*), relationship status and identity of the beneficiaries. These normally take the form of birth and marriage or civil partnership certificates, a deed poll or, in exceptional circumstances, a passport or other official document. In the case of a *Nominated Partner*, the *Management Committee* will need evidence that the person nominated still satisfies the conditions for a *Nominated Partner* at the date of your death.

**14. I want to make additional payments into the Fund to increase my benefits. How do I go about this?**

You may purchase fixed amounts of additional pension. The maximum annual pension you can buy in this new form is £6,300; and you have to buy in multiples of £250 of annual pension. The cost will be calculated by reference to your age and the amount of additional pension you wish to buy.

You can also if you wish contribute towards separate 'Investment-related' benefits, by paying what are commonly referred to as AVCs (additional voluntary contributions). These can be started and stopped at any time but the benefits cannot be taken before retirement. The benefits from AVCs can be taken in cash form or as increased annual pension.

The *Salary Exchange* facility is not available for the purchase of additional pension or AVC's.

You are able to claim personal tax relief on your contributions up to the higher of 100% of your UK earnings and £3,600 in each tax year.

However, beyond a certain annual limit, further contributions (together with the value of your additional benefit accrual under the Fund) could lead to a tax charge for you (known as the annual allowance charge). For the 2017/18 tax year, the annual limit is set at £40,000 for most members.

The Union will provide you with a "pension savings statement" by 6 October each year if the 'value input' in the previous tax year exceeds that limit.

You may wish to take independent financial advice if you are thinking about making additional payments to increase your pension.

If you wish to purchase fixed amounts of additional pension or to pay AVCs, you can request a form the Personnel Section.

[NOTE: If you had already elected to pay additional contributions to buy added years of *Reckonable Service* under the Fund before 1 February 2008, your election will continue to be honoured on the terms on which it was granted.]

**15. I work part-time. How does this affect my benefits?**

As a part-time employee you have access to the same benefits as full-timers but your service will be reduced to take account of the fact that you work part time.

- (a) You accrue *Reckonable Service* (proportionately) to be used in the calculation of your benefits including your own pension and any potential short and long term pensions on your death (see section 12 above).
- (b) All periods of *Reckonable Service*, both full and part-time, are added together when calculating your benefits.



- (c) Incapacity benefits and any enhancements granted are determined on the same basis as that for full time members of the Fund.
- (d) If you die as a contributing member, the death benefit payable will be the same as that payable on the death of a full-time member, where your Average Salary as a part timer is based on your full-time equivalent salary as set out below. (see earlier section 13 A (i)).

The amount of *Reckonable Service* credited to you as a part-time employee is calculated on the basis of your contractual hours expressed as a proportion of the full time equivalent hours. So, if for example you work 3 full days per week your *Reckonable Service* will be 60% of what it would have been had you worked full time.

Your *Average Salary* as a regular part-time employee is calculated in the same way as if you were employed full time i.e. using the full time equivalent salary rate. So, if for example you work 28 hours per week in a role for which the Union specifies 34.25 full time hours and your actual part time *Salary* is £30,000, then the salary used for your benefit calculation will be £36,696.43 ( $£30,000 \times 34.25/28$ ).

You should re-assess the attraction of *Salary Exchange* if you move from full time to part time service. Please refer to the *Salary Exchange* literature issued to members for more information.

## 16. If I divorce, how will this affect my benefits?

There are three alternatives available to the courts when dealing with Fund benefits on divorce:

### (i) Offsetting

You retain your benefits in full in return for their value being 'offset' against other matrimonial assets (e.g., the home).

### (ii) Earmarking

This enables courts to direct Pension Schemes to make payments to ex-spouses at the time of the member's retirement or death.

### (iii) Pension Splitting

Under this alternative, the courts have the power to split a member's benefits immediately as they deem appropriate – 'debiting' or reducing the amount of the member's benefits and giving the ex-spouse a pension credit. The Union and the Management Committee have decided that a pension credit given to an ex-spouse must be paid in to another suitable arrangement - it cannot remain in the Fund (unless transfer values from the Fund are being reduced at the time in order to protect its funding position).

You will need to discuss these possibilities with your solicitor. (Appendix III of the Rules provides detailed information on Pension Sharing on Divorce).

## **FURTHER IMPORTANT INFORMATION ABOUT THE FUND**

### **The *Management Committee* - Trustees of the Fund**

The Fund is operated by the National Union of Teachers, but is managed by the *Management Committee* which is made up of ten members (Trustees), five of whom are nominated by the Union every two years and who are Executive Members, plus five member nominated trustees who are elected by the members of the Fund, on a four yearly cycle. The current Trustees are:

#### **Employer nominated trustees:**

Ian Murch, Union Treasurer

Jerry Glazier, Chairperson of the Union's Strategy, Finance and Communications Committee

Ian Grayson, Chair of Resource Management

Hazel Danson, Executive Member

John Pemberthy, Executive Member

#### **Member nominated trustees:**

Vince Allen

Nick Kirby

Susan Sillience

Ian Donnachie

Andrew Morris

#### **Expert Help**

The *Management Committee* uses outside experts to ensure that the Fund is up-to-date and is run efficiently. The identity of these outside experts may change from time to time but they are listed in the Fund's annual report, which is available to members on request.

#### **Changing the Fund**

In accordance with the Trust Deed and Rules, the provisions of the Fund may be changed by the *Management Committee* from time to time, subject to the consent of the Union, and both the Management and Union have the power to terminate the Fund in specified circumstances. Full details of the alteration and termination provisions are contained in the Trust Deed and Rules.

#### **Fund's tax approved status**

Since 6 April 2006, the Fund has been a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. This means that both the Union and the members enjoy valuable tax concessions.

Members are able to claim personal tax relief on their contributions up to the higher of 100% of their UK earnings and £3,600 in each tax year.

However, beyond a certain annual limit, further contributions (together with the value of additional benefit accrual under the Fund) could lead to a tax charge for members (known as the annual allowance charge). For the 2017/18 tax year, the annual limit is set at £40,000 for most members.

The Union will provide you with a "pension savings statement" by 6 October each year if the 'value input' in the previous tax year exceeds that limit.

Prior to 6 April 2006, the Fund was approved by the HM Revenue and Customs as an exempt-approved pension scheme under the Income and Corporation Taxes Act 1988. This, too, conferred valuable tax concessions for both the Union and the members - in return for compliance with limits on the maximum benefits payable.

When the Income and Corporation Taxes Act 1988 was repealed and replaced by the Finance Act 2004, the Union and the *Management Committee* decided to maintain the limits on maximum benefits payable within the Rules of the Fund. You should note, therefore, that in exceptional circumstances it may be necessary to restrict benefits so that they do not exceed these limits. You will be advised if this applies to you.

In particular you should note that, if you joined the Fund on or after 1st June 1989, as part of these restrictions, benefits from the Fund cannot take account of any earnings in excess of a specified level. This is sometimes called the "pensionable earnings cap". Calculating this as though the Income and Corporation Taxes Act 1988 had still been in existence gives an amount for the tax year 2017/18, of £154,200.

If your remuneration exceeds the "cap" when your benefits are calculated, any amount in excess of the "cap" will be ignored.

### **Transfer of benefits from other arrangements**

The *Management Committee* decided in May 2009 to no longer accept transfers of assets from other pension arrangements. If you have an entitlement to benefits under another pension arrangement you should ensure that you obtain a full record of your entitlements under that scheme and possibly consider taking independent financial advice on your position. If your benefits under another pension arrangement were transferred, at some point in the past, to the NUT your benefits from the Fund will be appropriately adjusted to allow for the transfer and full details will have been supplied to you at that time.

### **State Pension**

On 6 April 2016, new State Pension arrangements came into effect. The new state pension combines the previous two-tier arrangements into a single flat-rate weekly payment that is set just above the threshold for means-tested support. For 2017/18, the full weekly rate is generally £159.55.

To obtain the full rate, an individual will need to have paid 35 qualifying years of National Insurance contributions during their working life. A minimum of ten qualifying years will be required to obtain the new state pension in part.

All members of the Fund will receive the new State Pension in addition to their pension from the Fund.

Using the *Salary Exchange* facility could cause your earnings to be reduced below the level required to accrue Basic State Pension. In this instance you should consider not using *Salary Exchange*.

### **Opting out of membership**

You may choose to stop accruing further benefits under the Fund by written notice to the *Management Committee*. The notice will have effect from the first day of the month after that in which it is received by the *Management Committee*.

If you have opted out of membership, you will be automatically re-enrolled into membership again as required to meet statutory requirements. You will be notified at that time and may again opt out by giving an Opt-out Notice to the Union as described above.

### **The Union's Contributions**

The Union's contributions to the Fund are equal to a percentage of member's aggregate *Salaries* which the *Management Committee* determine from time to time on the advice of the Fund's actuary.

### **Documents you will receive about the Fund**

You will receive the following items each year.

(a) A statement showing your prospective benefit entitlement under the Fund.

(b) A summary of the Fund's annual report and accounts.

Full audited accounts are produced each year by the *Management Committee* and are available on request to the Personnel Section. The Fund's auditors carry out a review of the financial transactions undertaken during the year and verify that the accounts have been properly prepared.

Actuarial valuation reports are produced at least once every three years by the Actuary after having valued the Fund to check its financial position. This valuation also makes recommendations for the future contributions to be paid by the Union to meet the Fund's liabilities. The valuation report is also available for your inspection on request to the Personnel Section.

### **Scheme Registration and Tracing Service**

Details of the Fund have been registered with The Pensions Regulator.

The Pension regulator require all schemes to complete a regular scheme return, providing a wide range of information, including details of membership, sponsoring employers, trustees, advisers, administration, funding and investment.

The Pension Tracing Service (part of the Department for Work and Pensions) has access to that information - providing a tracing service which can help you if you have lost track of your pension scheme. For example, you might have lost touch with your scheme when you changed jobs, or if a former employer has changed its name.

This could mean that you cannot claim your pensions when you retire.

The Pension Tracing Service has access to a database of over 200,000 occupational and personal pension schemes and can be used, free of charge, to search for a scheme.

You can contact them by writing to:

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

Tel: 0345 6002 537

Online at: <https://www.gov.uk/find-pension>.

### **Internal Dispute Resolution Procedure**

The Fund has a formal procedure in place for the resolution of disputes between members (or their beneficiaries) and the *Management Committee*. This procedure complies with legal requirements and is described in a notice which the Personnel Section will send to you separately. In the first instance any disputes should be referred to the Personnel Section, who may be contacted at the address given below (see 'More information').

### **TPAS (The Pensions Advisory Service)**

TPAS is available at any time to assist members and beneficiaries of the Fund in connection with any pension query they may have, or difficulty which they may have experienced and failed to resolve with the *Management Committee* or administrators of the Fund. They offer a free service, and can be contacted locally via the Citizens Advice Bureau, or as follows:

The Pensions Advisory Service  
11 Belgrave Road  
London  
SW1V 1RB

Helpline 0300 123 1047

Fax: +44 (0) 20 7592 7000

Email: <https://www.pensionsadvisoryservice.org.uk/contacting-us/online-enquiry-form>

### **The Pensions Ombudsman**

The Government has appointed a Pensions Ombudsman who may investigate and determine any complaint or dispute of fact or law in relation to occupational pension schemes which has been made or referred to him in accordance with relevant legislation. The Ombudsman may be contacted by writing to:-

The Pensions Ombudsman Tel: 020 7630 2200  
11 Belgrave Road  
London  
SW1V 1RB

The Pensions Ombudsman will normally investigate a complaint only after you have tried to seek a remedy through the Fund's internal disputes resolution procedure and TPAS.

### **The Pensions Regulator**

The Pensions Regulator is a regulatory body for work-based pension schemes in the UK.

The Pensions Act 2004 gives the Pensions Regulator a set of specific objectives:

- to protect the benefits of members of work-based pension schemes;
- to promote good administration of work-based pension schemes;
- to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund;
- in relation to the exercise of its scheme funding functions only, to minimise any adverse impact on the sustainable growth of an employer; and
- maximising compliance with employers' auto-enrolment duties.

In order to meet these objectives, they concentrate their resources on schemes where they identify the greatest risk to the security of members' benefits. They also promote high standards of scheme administration, and work to ensure that those involved in running pension schemes have the necessary skills and knowledge.

Their principal aim is to prevent problems from developing and, where possible, they will provide support and advice to trustees, administrators, employers and others where potential problems are identified.

However, the Pensions Act 2004 provides them with a range of powers enabling them to:

- investigate schemes -gathering information and monitoring risk;
- put things right where problems have been identified;
- act against avoidance to ensure that employers do not side-step their pension obligations.

The Pensions Regulator can be contacted as follows:

Customer support Tel: 0345 600 0707

E-mail: [customersupport@tpr.gov.uk](mailto:customersupport@tpr.gov.uk)

The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton  
East Sussex  
BN1 4DW

### **Data Protection**

The *Management Committee* needs to hold and process personal data in respect of you and your family, in order to ensure that Fund benefits can be calculated accurately, paid at the correct time, and so on.

This means the *Management Committee* is the 'data controller' for the purposes of the Data Protection Act 1998. The Office of the Information Commissioner has been notified of this fact, lodging details of the type of data held, the persons to whom it relates ("the data subjects"), the purposes for which it is being held and the persons (such as the various pensions advisers and specialists who assist the *Management Committee*) to whom it might be disclosed.

Data subjects have extensive rights under this Act, including the right to be given access to the personal data being held in respect of them. Access is subject to a written request and payment of a search fee to cover the *Management Committee's* costs. Requests should be addressed to the Personnel Section at the address shown in the following Section headed 'More information'.

You should note that existing UK and European legislation on data protection will be replaced by the “General Data Protection Regulation” (GDPR) - applicable from 25 May 2018 and intended to harmonise data protection procedures and strengthen enforcement across all EU Member States.

The principles of GDPR will largely be the same as the existing legislation – but with enhanced rights for individuals, more detailed consent requirements and greater obligations on data processors and on breach reporting.

The *Management Committee* will keep abreast of any new requirements as they take effect and will ensure the Fund’s compliance at all times.

### **More Information**

You and your dependants can find out more information, or the answers to queries from the Personnel Section:

Personnel Section  
Resource Management  
National Union of Teachers  
Hamilton House  
Mabledon Place  
London  
WC1H 9BD

Tel: 020 7380 4748

Please note that whilst we can provide information to employees and members about the Fund, neither the *Management Committee* nor the Personnel Section can give you financial advice on transfers or any other matter. You must take independent financial advice to establish what is in your best interest.

### **Definitions**

#### ***Additional Statutory Leave***

Means absence from Service in circumstances where a Member is entitled to such absence by virtue of the Employment Rights Act 1996 (section 75B – Additional Adoption Leave; section 73 – Additional Maternity Leave).

#### ***Average Salary***

Means, broadly, the best of the following calculations.

- Your *Salary* received in the last 12 months prior to your retirement, leaving current membership, or death, as the case may be, and,
- Your annual Salaries over the last ten calendar years before your retirement, leaving current membership, or death, as the case may be, re-valued in line with the increases in the Retail Price Index (RPI) over that period - the average of the best consecutive three

years' re-valued salaries over those ten years then being used to calculate your Average Salary.

You should ask the Personnel Section for an extract from the Rules if you wish to consider this definition in full and accurate detail.

***Civil Partner***

means a Member's partner registered as such in accordance with the provisions of the Civil Partnerships Act 2004.

***A Dependent Child***

is one who is your own child (including an adopted or illegitimate child) or is accepted by you as a member of the family and wholly or mainly financially dependent on you who is unmarried and not a Civil Partner, and either:

- under age 17,
- over age 17, under age 23 and receiving full-time education or attending a full time training course of at least two years' duration (which, in either case, has been continuous since age 17 without a break at any one time of longer than a year), or
- over age 17 and dependent on you by reason of physical or mental impairment.

***Guaranteed minimum pension***

A member's guaranteed minimum pension (**GMP**) (GMP) is the minimum level of pension they are entitled to receive under the Fund on account of their employment having been contracted-out for any period prior to 6 April 1997 from the additional state pension (originally known as the state earnings-related pension (SERPS)).

***Incapacity***

Means physical or mental impairment which renders a Member incapable of carrying on normal occupation (and will continue to do so). The *Management Committee's* decision (based upon evidence received from a registered medical practitioner appointed by them) as to whether a Member is incapacitated is final.

***Management Committee***

Means the Trustees of the Fund as defined in the section **'FURTHER IMPORTANT INFORMATION ABOUT THE FUND'**



***Nominated Dependant***

Means (provided you are not married, not a *Civil Partner*, do not have a *Nominated Partner* and have not taken or commenced payment of any of your benefits from the Fund) any person who is your:

- (a) parent, brother or sister (who is not married or is not a civil partner and has never been married or a civil partner)

or

- (b) parent, step-parent, brother or sister (who is widowed or is a surviving civil partner), who you have nominated in writing as such to the *Management Committee* and who is wholly or mainly financially dependent on you at the time of that nomination PROVIDED THAT-

- (i) a nomination may be revoked by giving written notice to the Management Committee;
- (ii) a nomination shall cease to have effect on the death, marriage or entry into civil partnership of the *Nominated Dependant* or if you nominate a *Nominated Partner*, marry or form a civil partnership;
- (iii) if you nominate a parent who subsequently dies you may nominate your other parent notwithstanding that you may then have taken or commenced payment of benefits from the Fund;
- (iv) no person may be nominated while a previous nomination has effect for these purposes.

***A Nominated Partner***

Can be proposed:

- (i) by a Member able to marry, or form a civil partnership who is living together with that other person as if they were husband and wife or Civil Partners;
- (ii) if neither the Member nor the other person is living with a third person as husband and wife or as if the relationship were a civil partnership;

- (iii) if either that other person is financially dependent on the Member or both are financially interdependent, and
- (iv) the above conditions have been satisfied for a continuous period of at least 2 years (which includes the day on which the declaration required below is signed).

A Member will need to give the *Management Committee* a declaration signed by them and by the other person, confirming that the above conditions are satisfied.

A nomination will cease to have effect if:

- (a) either the Member or the nominee gives written notice of revocation to the Trustees;
- (b) a Member makes a subsequent nomination under these provisions;
- (c) either the Member or the nominee marries, forms a civil partnership or before the Member's death, lives with a third person as husband and wife or as if the relationship were a civil partnership, or
- (d) the nominee dies.

***NPA***

Your Normal Pension Age will be your 65th birthday.

***Qualifying Service***

Is used only for the purpose of deciding whether you are entitled to preserved benefits on leaving the Fund (see Section 12).

It means *Reckonable Service* and any employment which qualified you for retirement benefit under any occupational pension scheme from which a transfer payment has been made in respect of you either to the Fund or to a "buy-out" policy or other annuity or assurance policy and subsequently to the Fund.

***Reckonable Service***

Means (broadly) the aggregate of the following periods and shall count as complete years with additional days counting as fractions of a year:

- (i) any period of your contributory membership after attaining the age of 16 years, and

- (ii) any added years of *Reckonable Service* granted under the Rules of the Fund for those who elected before 1 February 2008 to pay additional contributions for this (see section 14 above); and any period counting as *Reckonable Service* by virtue of receipt of a transfer payment accepted from another pension arrangement.

### ***Relevant Service***

Is used only in certain defined circumstances to calculate pensions prospectively payable on your death. It is a complicated definition with several component parts and you should ask the Personnel Section for an extract from the Rules if you wish to consider this in full and accurate detail. In broad terms it means:

- (a) in the case of a male deceased who is survived by a widow or by a *Nominated Dependant*, or a female deceased who is survived by a *Nominated Dependant* or by a widower for whose benefit the deceased revoked a nomination which would otherwise have had effect or on whose marriage to her a nomination ceased to have effect:
  - (i) any period of *Reckonable Service* after 31 March 1972;
  - (ii) any added years of *Reckonable Service* granted under the Rules of the Fund for those who elected before 1 February 2008 to pay additional contributions for this (see section 14 above); and
  - (iii) any period counting as *Reckonable Service* by virtue of receipt of a transfer payment accepted from another pension arrangement
- (b) in the case of a female deceased who is survived by a widower not falling within paragraph (a):
  - (i) so much of the periods described in (a) (i), (ii) and (iii) above as consists of, or is attributable to, service with the Union after 5 April 1988 plus if the deceased was a Member who was in *Reckonable Service* as at 5 April

1988 and ceased to be in *Reckonable Service* after that date, so much of the periods described in (a) (i), (ii) and (iii) above as consists of or is attributable to such service after 31 March 1972 and before 6 April 1988;

- (ii) any added years of *Reckonable Service* granted under the Rules of the Fund for those who elected after 1 June 1993 and before 1 February 2008 to pay additional contributions for this (see section 14 above); and
  - (iii) if the deceased entered membership of the Fund after 5 April 1988, any period falling within (a) (iii) above which is attributable to service after 31 March 1972.
- (c) in the case of a deceased who is survived by a *Civil Partner*:
- (i) any period of *Reckonable Service* after 5th April 1988;
  - (ii) any added years of *Reckonable Service* granted under the Rules of the Fund for those who elected before 1 February 2008 to pay additional contributions for this (see section 14 above); and
- (d) In the case of a deceased who is survived by a *Nominated Partner* any period of *Reckonable Service* after 31st January 2008.

In no circumstances will *Relevant Service* include any period in respect of which a person has received a refund of his contributions to the Fund.

***Salary***

Means the sums paid to you from time to time in respect of your employment in Reckonable Service - excluding any payments in kind, overtime, expenses and ex-gratia payments and disregarding any reduction therein which arises if you are using Salary Exchange facility.

***Salary Exchange***

Is a different way for you to pay pension contributions. You agree to give up part of your *Salary* instead of paying normal member contributions. The Union will then pay an equivalent contribution to the Fund on your behalf.

Participation in the Salary Exchange Arrangement will not affect the level of pension and death in service benefits you are entitled to as a member of the Fund.

This facility reduces the amount of *Salary* you earn and therefore the amount tax and National Insurance you are liable to pay.

***Spouse***

Means the person to whom you are legally married at the date of death and who survives you as your widow or widower.

***Statutory Leave***

Means absence from Service in circumstances where a Member is entitled to such absence by virtue of the Employment Rights Act 1996 (section 75A – Ordinary Adoption Leave; section 71 – Ordinary Maternity Leave; section 76 – Parental Leave; section 80B – Paternity Leave – adoption; section 80A – Paternity Leave – birth).

# TABLE OF COMMUTATION FACTORS VALID AT DATE GUIDE ISSUED

Age at Retirement	Current Factors	Age at Retirement	Current Factors
55	16.176	66	13.320
56	15.960	67	13.020
57	15.732	68	12.696
58	15.492	69	12.384
59	15.252	70	12.048
60	15.000	71	11.712
61	14.748	72	11.376
62	14.472	73	11.028
63	14.196	74	10.680
64	13.908	75	10.332
65	13.620		

Note: These are subject to review periodically and you should check that the factors are still valid and in use before making any decisions based upon them.

# TABLE OF EARLY RETIREMENT FACTORS VALID AT DATE GUIDE ISSUED

Age at Retirement	Current Factors
55	0.613
56	0.642
57	0.672
58	0.705
59	0.739
60	0.776
61	0.815
62	0.857
63	0.902
64	0.950

Note: These are subject to review periodically and you should check that the factors are still valid and in use before making any decisions based upon them.