

a brighter future



**William Sutton Housing Association
Final Salary Scheme
A Guide for Members**



The Pensions Trust

William Sutton Housing Association Final Salary Scheme

The William Sutton Housing Association Final Salary Scheme (the Scheme) has been designed to provide security for you during your retirement and for your dependants in the event of your death. The Scheme provides benefits related to your earnings and the length of your membership. Administration is carried out by The Pensions Trust.

The Scheme has been designed in close consultation with The Pensions Trust, which is the leading provider of pensions to the voluntary sector. The main features are summarised on the following pages.

This booklet provides basic information about the Scheme. It gives general guidance only, and you should not regard it as a complete or authoritative statement on the formal Trust Deed and Rules. It is provided to all members and prospective members and consolidates and replaces previous Scheme booklets, announcements and disclosure leaflets.

If you have any general enquiries about joining the Scheme, you should contact the individual who deals with pension matters in your organisation. Should you have any other queries or require further clarification or detailed information about your own benefits you should contact:

William Sutton Housing Association Final Salary Scheme
The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Tel: 0113 394 2735
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Joining the Scheme

Can I join the Scheme?

No, the Scheme is now closed to new members.

How much do I pay?

You are not required to pay contributions to the William Sutton Housing Association Final Salary Scheme.

As a member of the Scheme, you also pay lower National Insurance contributions as a result of the Scheme being contracted-out of the additional State Pension.

You may, if you wish, pay extra contributions in order to boost your retirement benefits. These extra contributions are known as Additional Voluntary Contributions (AVCs). Further details are given later in this booklet.

How much does William Sutton Housing Association pay?

William Sutton Housing Association pays the full cost of the Scheme. William Sutton Housing Association also pays lower National Insurance contributions as a result of the Scheme being contracted-out of the additional State Pension.

Can I transfer previous benefits into the Scheme?

Yes, subject to certain criteria and the transfer not affecting the Scheme's tax-registered status, transfers from previous pension arrangements are accepted at your request. This is subject to your written agreement to the alternative rights offered.

The transfer value will secure additional Pensionable Service (see 'Definitions') for you in the Scheme, on a basis agreed by the Actuary.

If you would like to consider a transfer of previous benefits, you should write to The Pensions Trust giving details of your previous scheme and your authority for us to request a transfer value quote.

The Pensions Trust does not currently permit transfers-in by members who are no longer earning benefits in the Scheme.

Leaving

What happens if I leave the Scheme?

If you leave the Scheme, this will normally be because you change jobs. You may also leave the Scheme and continue to work for William Sutton Housing Association. In both cases you can choose to:

- have a Deferred Pension (see 'Definitions'); or
- transfer your benefits to another pension arrangement.

Note: If you choose to opt out of the Scheme, you must give William Sutton Housing Association one month's written notice. You will not be eligible to rejoin the Scheme, but may be able to join the Social Housing Pension Scheme (SHPS), which is also administered by The Pensions Trust. If you do become a member of SHPS you would be required to pay contributions. Further details of the Social Housing Pension Scheme are available from The Pensions Trust on request.

Deferred Pension

As a Full Transfer Member (see 'Definitions') your Deferred Pension is calculated using the Pensionable Service (see 'Definitions') (including your pensionable service transferred in from the William Sutton Housing Association Staff Pension Fund 1993) you have completed to the date you leave the Scheme and the better of your:

- Final Pensionable Earnings (see 'Definitions'); and
- actual earnings during the 12 months before you leave.

You may apply for payment of your pension at any time from when you become eligible (see 'Retirement').

How does my Deferred Pension increase?

The Guaranteed Minimum Pension (GMP) (see 'Definitions') part of your pension is, where applicable, increased by statutory revaluation for each complete tax year until you retire. The revaluation rate is 4% for leavers from April 2007 and may change from time to time.

Any Deferred Pension (see 'Definitions') in excess of the GMP will continue to increase each year prior to retirement by the lower of 5% or the rise in the Pensions in Deferment Index (see 'Definitions').

Once you have retired, your pension will increase as shown in the section 'How does my pension increase' on page 13.

Transfer of your benefits

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

Transfer values are calculated as the best estimate of the cash sum required to be invested in the William Sutton Housing Association Final Salary Scheme to reproduce your benefits. A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request at any time.

Retirement

Members may receive their pension and continue working unless they retire on the grounds of ill health or retire early as a result of having a 'Protected Pension Age' (see below). Any reference to retirement in this document includes those members who choose to receive their pension benefits **and** continue working, as opposed to retiring in the more traditional sense (i.e. stopping work).

When can I retire?

The Scheme's Normal Pension Age (NPA) (see 'Definitions') is 60. This is the age that will be used for normal funding purposes for Scheme benefits. If you retire after NPA, your pension will be greater - and if it starts before NPA, it will be smaller.

Whilst the information below explains when you can take your pension, the age at which you choose to retire is an employment issue, the timing of which you should discuss with your employer.

What will I get?

At retirement you have the option to take a pension, or a lump sum and a reduced pension. Lump sums are covered later in this section.

Your pension at NPA is calculated as follows:

$$1/60^{\text{th}} \times \text{Final Pensionable Earnings} \times \text{Pensionable Service}$$

For example, if you have been a member of the Scheme for 20 years and your Final Pensionable Earnings (see 'Definitions') are £25,000, your pension will be:

$$1/60^{\text{th}} \times £25,000 \times 20 \text{ years} = £8,333 \text{ a year}$$

The longer you are a member of the Scheme, the larger your pension will be.

Can I retire early?

Yes you can take early retirement from age 55 even if you choose to continue working. You may take your pension benefits between ages 50 and 55 if you have a Protected Pension Age (see 'Definitions') and have left employment to which your membership relates, or at any age if you are retiring on grounds of ill-health (subject to approval). Your pension will usually be lower than at NPA because it will be reduced to allow for the fact that pensions paid early are expected to be paid for longer and you have been a member of the Scheme for a shorter time.

If you retire early, you still have the option to take a lump sum. This sum will also be smaller than it would be if you retired at Normal Pension Age (NPA).

Can I take a lump sum?

Yes, you can give up part of your pension and exchange it for a Pension Commencement Lump Sum (PCLS). This will leave you with a smaller pension, reduced according to your age.

The PCLS was previously known as your tax-free lump sum. However, it is now possible for a tax charge to apply, but only if your pension savings exceed the Lifetime Allowance (see 'Definitions').

The maximum lump sum available is 25% of the value of your pension benefits. Unfortunately the calculation is not straightforward, however, as an indicator, some examples are shown below of the cash sums available to individuals at age 60.

Note: These figures are only provided as examples.

Option 1	Option 2	
Full Pension	Maximum Lump Sum	Reduced Pension
£5,000 per year	£22,360	£ 3,350 per year
£10,000 per year	£44,730	£ 6,710 per year
£15,000 per year	£67,100	£ 10,060 per year

Taking a PCLS at retirement will leave you with a reduced pension. The above table shows comparisons between a full pension (Option 1) or a PCLS with a reduced pension (Option 2) for an individual aged 60.

Flexible retirement

In most cases members are able to take part of their pension whilst continuing to work and, should they wish to, accrue further pension benefits. Exceptions to this are ill-health retirements and those members with a Protected Pension Age (see 'Definitions') who retire before age 55. The option to take a proportion of your pension is only available once in a 12 month period. Enquiries in the first instance should be directed to the William Sutton Housing Association Final Salary Scheme at The Pensions Trust.

Pension choice

The Scheme provides for a survivor's pension, payable in the event of your death. If you do not wish to provide for a survivor's pension, at retirement you will have the option of retaining the right to nominate a dependant in the future or taking an increased pension for yourself.

If you take an increased pension, for each eight months of Pensionable Service (see 'Definitions') built up before 1 October 1997 you will gain an additional one month's Pensionable Service and for each 12 months of Pensionable Service built up after 1 October 1997 you will gain one additional

month's Pensionable Service. A statutory minimum pension must be paid to a legal spouse or civil partner.

Are there any other options?

You can provide a higher level of pension for a dependent person by giving up part of your own pension at retirement. If you are interested in this option, you should request a quotation when you are nearing retirement.

Can I continue membership after Normal Pension Age?

Yes, if William Sutton Housing Association agrees to you continuing to work after age 60, you may continue to earn benefits in the Scheme up until your 75th birthday. You must take your pension by age 75, even if you continue to work.

Your pension from the Scheme at age 60 will be increased by a late retirement factor, and you will receive additional benefits based on your pension accrual past age 60.

Death benefits will continue to be provided on the same basis as they were before age 60.

What happens if I am too ill to continue working?

Provided there is satisfactory medical evidence that you are, and will continue to be, unable to work again in any capacity, your pension can be paid immediately, regardless of your age. Guidance on eligibility is available on request.

Your pension will be calculated based on your Final Pensionable Earnings (see 'Definitions') and pensionable service (see 'Definitions') up to the date of early retirement plus half of the pensionable service you would have completed between the date of retirement and age 60. There will be no reduction for early payment.

If you retire early due to ill-health, you still have the option to take a pension commencement lump sum.

The Pensions Trust reserves the right to request updated medical evidence on your state of health and has the discretion to reduce or suspend your pension if eligibility changes.

You may also apply for early payment if you are too ill to continue working and have a Deferred Pension (see 'Definitions') after leaving your employment or leaving the Scheme. In this case, if approved, your Deferred Pension will not be reduced for early payment.

Death Benefits

What happens if I die before retiring?

If you die before you retire while in employment and earning benefits in the Scheme, the benefits are:

Lump Sum

- three times your Pensionable Earnings (see 'Definitions') at the date of your death; and
- a refund of your AVCs (if applicable), with interest at a rate decided by the Trustee.

Survivor's Pension

- 50% of the pension you would have received calculated on full Pensionable Service (see 'Definitions') to Normal Pension Age (NPA) (see 'Definitions') and your pensionable earnings at the date of your death.

Children's Pension

- 12.5% of the pension you would have received, calculated on your Pensionable Service to NPA and your pensionable earnings at the date of your death, would be paid to each of up to four dependent children. If you are a Partial Transfer Member (see 'Definitions'), this benefit is only payable on benefits earned in the Scheme since 1 April 2003 – see 'Important information for Partial Transfer Members', on page 23, for children's pensions payable on service before April 2003.

What happens when I die after leaving the Scheme?

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

Lump Sum

- A refund of your AVCs (if applicable), with interest at a rate decided by the Trustee.

Survivor's Pension

- 50% of the pension you would have received, calculated on the value of your Deferred Pension (see 'Definitions') at the date of your death.

Children's Pension

- 12.5% of the pension you would have received, calculated on the value of your Deferred Pension at the date of your death, would be paid to each of up to 4 dependent children. If you are a Partial Transfer Member (see 'Definitions'), this benefit is only payable on benefits earned in the Scheme since 1 April 2003 – see 'Important information for Partial Transfer Members' for children's pensions payable on service before April 2003.

What happens when I die after retiring?

When you die after retirement the benefits are:

Lump Sum

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

Survivor's Pension

- 50% of your pension (calculated on your full pension before you took any pension commencement lump sum and including increases in your pension).

Children's Pension

- 12.5% of your pension (calculated on your full pension before you took any pension commencement lump sum and including increases to your pension) would be paid to each of up to four dependent children. If you are a Partial Transfer Member (see 'Definitions'), this benefit is only payable on benefits earned in the Scheme since 1 April 2003 – see 'Important information for Partial Transfer Members', on page 23, for children's pensions payable on service before April 2003.

Important notes

- Because of the regulations governing schemes which are 'contracted-out' of the additional State Pension, the spouse's/civil partner's Guaranteed Minimum Pension (GMP) (see 'Definitions'), or 'Reference Scheme' pension (for any member's service from 6 April 1997), must be paid to a legal spouse or civil partner, if you have one, at the date of your death.

Note: The GMP payable to a widower or civil partner will be based on the GMP that the member accrued from 6 April 1988.

- As a Full Transfer Member (see 'Definitions'), if you left the Scheme on or after 1 April 2003 and your survivor is more than ten years younger than you, the survivor's pension will be reduced by 2.5% for each year younger in excess of ten years the survivor is than you. If you are a Partial Transfer Member (see 'Definitions') this rule will only apply to your Pensionable Service (see 'Definitions') after 31 March 2003.
- Except for legal spouses and civil partners, it will be necessary for the Trustee to receive confirmation that the nominee for a pension is eligible at the date of the member's death.
- Children's pensions will be doubled if:
 - no survivor's pension is paid; or
 - dependent children are/or become orphans.

Nominations

- You must complete a Nomination Form or put your nominations to us in writing.
- Separate nominations are required for lump sums and pensions (even if you have nominated the same person to receive both).
- You should ensure your nominations are kept up-to-date. If you wish to make any changes to the nomination or a nominee's address, please notify The Pensions Trust in writing.

Who gets what?

Lump Sum

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

Survivor's pension may be paid to:

- your spouse or civil partner; or
- a child who is disabled and is unable to earn a living (in this case the child would be paid the survivor's pension, but not the child's pension);
or
- you may nominate a dependent child to receive the survivor's pension, but this would stop when he or she ceased to be treated as a 'Child' as described below. (Note: The child would receive the survivor's pension in place of the child's pension.); or
- anyone who lives with you and shares living expenses; or
- anyone who is largely financially dependent on you.

Children's pension may be paid to:

- any child who is aged under 18; or
- any child below age 22 if in full time education; or
- a child of any age who is disabled and unable to earn a living, unless the child is already receiving a survivor's pension.

'Child' will have the meaning defined in the formal rules.

Children's pensions cease on reaching age 18 or 22 as described, unless the child is disabled and unable to earn a living, when the pension can continue for the rest of that child's life.

Your Pension

How will my pension be paid?

You will receive your first pension payment on the day of your retirement or within seven working days of The Pensions Trust receiving the appropriate forms. Thereafter pensions are paid quarterly in advance, on the 6 of January, April, July and October. They will be paid direct to your bank, building society or Giro account.

Note: Your pension is taxable and if any tax is due it will be deducted under the Pay As You Earn (PAYE) system.

When will my pension increase?

Pension increases are applied on 6 April each year. Increases are based on the rise in the Index (see 'Definitions') in the January of the same year, as detailed below.

How does my pension increase?

In defined benefit schemes, such as the William Sutton Housing Association Final Salary Scheme, any pension accrued since 6 April 1997 must be increased by at least Limited Price Indexation (LPI) (see 'Definitions'). However, your employer has chosen to pay increases on all pension accrued in the Scheme, and on a more favorable basis.

The increases explained below apply to your own retirement pension, or any survivor's pension and children's pensions following your death. In some cases the State has different rules for increases to your GMP (see 'Definitions') if your pension is paid overseas.

Once in payment, your pension will increase as follows:

Before State Pension Age

- The whole of your pension will increase by the lower of 5% or the rise in the Pensions in Payment Index (see 'Definitions').

After State Pension Age

- The GMP part of your pension, if any, is guaranteed to increase each year by the rise in the Pensions in Payment Index (see 'Definitions'). This increase is paid partly by the State and partly by the Scheme.
- Any pension in excess of this will increase by the lower of 5% or the rise in the Pensions in Payment Index.

It is the aim of the Scheme to ensure that pensions keep pace with inflation, if resources are available.

If you joined the William Sutton Housing Association Staff Pension Fund 1993, before 1 January 1984, and are entitled to full indexation, your pension is guaranteed to increase by the full rise in the Pensions in Payment Index (see 'Definitions').

Note: Any pension accrued from 6 April 2005 will only receive a partial increase on the first increase date following your retirement. The rate will be in proportion to the full increase, based on the number of months your date of retirement falls before the increase date. For instance, if your pension starts on 1 October (six months before the increase date of 6 April), the increase to your post April 2005 pension will be 6/12 of the full rate of increase awarded.

Boosting Your Pension - Additional Voluntary Contributions (AVCs)

Should I pay AVCs?

There are various reasons for choosing to pay AVCs. These include:

- increasing the pension you will receive at Normal Pension Age (NPA) (see 'Definitions'); or
- to offset the reduction which is applied to pensions paid early; or
- to boost your pension in order to reduce the impact of previous breaks in employment or periods where you did not have access to a pension scheme.

You should be aware that AVCs are extra provision for retirement and before then you will not be receive any benefit from your fund.

The Pensions Trust cannot give financial advice and the decision to pay AVCs is your responsibility. You may wish to discuss this with an Independent Financial Adviser.

How much can I pay?

You will receive full tax relief on contributions to as many different tax-registered pension arrangements as you choose, provided that the total paid in each year does not exceed your annual earnings or the 'Annual Allowance' (see 'Definitions').

As long as the total increase in your benefits in any one year does not exceed the Annual Allowance, you will receive tax relief on up to 100% of your earnings. For example, if you are not required to contribute to your main scheme, this will give you scope to pay up to a further 100% of your earnings as tax-free AVCs.

However, if you earn £130,000 or more and you are considering making additional payments, further restrictions may apply. Please contact The Pensions Trust if this affects you.

If your contributions exceed 100% of your earnings in any tax year, tax on the excess, at your marginal rate, is payable through self-assessment.

Who do I pay AVCs to?

You can pay them to The Pensions Trust or pay additional contributions to an alternative pension provider of your choice. Your employer will offer one or more suitable arrangements for this purpose that are administered by

The Pensions Trust. Full details of the options available to you, and further information about AVCs, will be provided by The Pensions Trust on request.

If you are a high earner, please also read the section on 'Annual Allowance' (see 'Definitions').

How do I pay AVCs?

Your AVCs to The Pensions Trust will be deducted from your salary, gaining tax relief immediately. They are usually a percentage of your salary and can be stopped, started, increased and decreased on request.

The Pensions Trust can accept lump sum payments of AVCs/extra contributions instead of regular monthly payments. However we can only accept these payments via your Payroll Department in the same way as we receive your main contributions.

Before making any payment you will need to complete an AVC Application Form and hand it in to your Payroll Department.

What do my AVCs buy?

Your AVC fund will be used to provide additional pension benefits on a defined contribution basis. This means the amount of pension will depend on variable factors such as:

- how much you pay;
- the investment return; and
- the cost of pensions when you retire.

Because of these variables it is not feasible, before contributions commence, to project what pension might be expected. After you start paying AVCs you will receive an annual statement which will include, where appropriate, a pension projection on stated assumptions.

Can I take a lump sum from my AVC fund?

You will be entitled to take up to approximately 25% of the value of your AVC fund as a lump sum. This will be tax-free provided your overall benefits do not exceed the Lifetime Allowance (see 'Definitions').

How can I find out more?

A separate booklet giving further information about AVCs is available on request from the William Sutton Housing Association Final Salary Scheme at The Pensions Trust (see page 2 for contact details). This can also be found on The Pensions Trust's website www.thepensionstrust.org.uk under the 'General Literature' section of the 'Document Library'.

What if...

What if I work part-time?

If you have consistently worked the same part-time hours in your employment, you can calculate your pension using the method shown in the 'Retirement' section of this booklet.

The calculation is more complex if the number of hours you work part-time changes during your membership of the Scheme, or if your membership is made up of full-time and part-time periods. For part-time service, your retirement benefits will be reduced proportionately to the equivalent full-time service.

What if I divorce?

The courts may order that your pension rights must be shared with your ex-spouse. An information leaflet is available on request. Members should take appropriate legal advice. On the dissolution of a civil partnership, the same pension sharing rules as those used for divorce will apply.

What if I take maternity leave?

Your Pensionable Service (see 'Definitions') will continue and benefits will be based on the earnings you would be receiving if you were not on maternity leave. If you do not return from maternity leave your date of leaving will be the date your paid maternity leave ends.

If you die while on maternity leave the full range of death benefits will be paid. This would be based on the rate of earnings you would be receiving if you were not on maternity leave.

What if I take family leave?

In the rules family leave means leave that men or women are entitled to take by law – either paternity leave when a child is born or adopted, or parental leave to care for a child. If such leave is **paid**, the rules apply as for maternity leave. If **unpaid**, the rules apply as for any other temporary absence.

If you die:

- If you die whilst on family leave the full range of death benefits will be paid. These would be based on the rate of earnings you would have been receiving if you were not on family leave.

What if I am absent from work?

If your absence is due to illness or injury your Pensionable Service (see 'Definitions') may continue until the earlier of your return to work or Normal Pension Age (NPA) (see 'Definitions'), subject to William Sutton Housing Association making the necessary payments.

If your absence is due to any other reason and you do not return to work after more than two years your Pensionable Service will be deemed to have ceased on the second anniversary of the date your absence commenced.

If you die whilst on approved temporary absence, you will be treated as an active member and the full range of death benefits will be payable.

Further Information

Who looks after the Scheme?

The day-to-day administration is entrusted to The Pensions Trust for Charities and Voluntary Organisations, which has been administering pension schemes since 1946. The Pensions Trust is directly answerable to its members – the employers who choose its pension schemes and the active members, pensioners and deferred members who belong to these schemes. The Pensions Trust is **not** an insurance company.

Scheme registration

The Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme tax Reference is 00281218RV.

Benefit limits

HM Revenue & Customs no longer impose limits on the pension benefits you can receive. However, if the value of your benefits from all tax-registered schemes exceeds the Lifetime Allowance (see 'Definitions'), tax charges will apply to the excess. It should be noted that both the Lifetime and Annual Allowances (see 'Definitions') are likely to affect those with very high earnings and/or significant pension benefits held elsewhere. For example, if your pensions from all tax-registered schemes do not exceed £60,000 a year, you are unlikely to be affected.

Can I assign my pension?

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

The Trustee Company

The Pensions Trust is governed by a Trustee Company called 'Verity Trustees Limited'. There are currently fourteen Directors of the Company (all non-executive) - six elected by members and six elected by employers and two co-opted by the elected Directors.

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

The State Pension Scheme and contracting-out

The State provides pensions on two levels:

- the basic State Pension; and
- the additional State Pension.

Basic State Pension

The basic State Pension is a flat rate pension and is based on your National Insurance contributions. It is currently payable from age 65, except that a lower age applies to women born before 6 April 1955.

Your entitlement to this pension is not affected in any way by your membership of the Scheme.

Additional State Pension

Before April 2002 the additional State Pension was known the State Earnings Related Pension Scheme (SERPS).

From April 2002 it became the State Second Pension (S2P).

Contracting-out

As a member of the Scheme your employment is contracted-out of the State Second Pension and as a result you will pay lower National Insurance contributions. This means that you do not accrue the full State Second Pension during the period you are earning benefits in the Scheme. The minimum level of pension to be provided by contracted-out schemes is determined by a statutory 'Reference Scheme' test.

For Pensionable Service (see 'Definitions') before April 1997, a Guaranteed Minimum Pension (GMP) (see 'Definitions') has to be provided.

Pension Tracing Service

Details of The Pensions Trust (and all pension schemes) have been lodged with the Pension Tracing Service and the address is:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA
Telephone: 0845 600 2537
Reference: 10170418

The purpose of this registration is to help individuals trace their pension rights.

Rights, obligations and limitations

The rights and obligations of members of the William Sutton Housing Association Final Salary Scheme are set out in the Trust Deed and Rules and the Scheme Document, which are the formal documents of the Scheme. This booklet is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules, or the Scheme Document, the legal

interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules and Scheme Document are available from The Pensions Trust.

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

The Pensions Trust is not registered under the Financial Services and Markets Act to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and not to be taken to constitute advice. When providing information to members or prospective members, the Trust takes care to provide an accurate service but the decision and choice remains the individual's for which The Pensions Trust cannot be responsible.

Data Protection Act

The Act is designed to give individuals rights and protection in request of the use of personal data concerning them.

- Data Controller: the Trustee is the data controller for the purposes of the Act.
- Use of personal data: the data provided by individuals or their employers, or obtained with the consent of individuals, will be used by The Pensions Trust, its Actuary and any necessary third parties are required to enable the Trustee to properly administer the Scheme. Data will be held for as long as necessary to allow the Trustee to answer questions relating to members' benefits.

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

Annual Report & Financial Statements

Members receive a summarised version of The Pensions Trust's Annual Report and Accounts each year, but are entitled to the full version on request. A copy can be viewed on the Trust's website www.thepensionstrust.org.uk under the 'General Literature' section of the 'Document Library'.

The Pension Protection Fund (PPF)

The PPF is a fund designed to protect members' rights under company defined pension schemes should the employer become insolvent.

The PPF will be funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the Scheme will not result in a reduction to your pension.

Benefits payable under the PPF are, briefly, as follows:

- Your full pension if you have reached your scheme's Normal Pension Age (NPA) (see 'Definitions') or receive an ill-health pension (regardless of your age).
- 90% of the expected scheme pension for all other members, subject to a current (2011/12) maximum of £29, 897 a year at age 65. This maximum figure is reduced actuarially for those under age 65.
- Widow/ers', civil partners' or survivors' pensions of 50% of the members' pensions.
- Pension earned from 6th April 1997 will increase each year in line with the Pensions in Payment Index (see 'Definitions') up to a maximum of 2.5%. Pension relating to service before 6th April 1997 will not be increased under the PPF.

In general, benefits will be paid from the PPF, as opposed to your own scheme, when:

- your employer becomes insolvent, or in circumstances where the Trustee or The Pensions Regulator consider this likely; and
- the assets of the pension scheme are insufficient, i.e. there is not enough money to pay at least the level of pension described above.

Complaints

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

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

Disputes – Formal Resolution

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

Appeal

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

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with difficulties they have failed to resolve. The address is:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923
Fax: 020 7233 8016
Email: enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme where TPAS has not resolved the issue. The address is:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7834 9144
Fax: 020 7821 0065
Email: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is able to intervene in the Scheme administration where Trustee, employers or professional advisers have failed in their duties. It replaces the previous regulator, the Occupational Pensions Regulatory Authority (Opra), which ceased to exist on 6 April 2005. The Pensions Regulator inherited all the previous powers held by Opra along with some new ones to give it wider scope. The address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Telephone: 0870 606 3636
Fax: 0870 241 1144
Email: customersupport@thepensionsregulator.gov.uk

Important information for Partial Transfer Members

A Partial Transfer Member (see 'Definitions') is a member who chose to join the William Sutton Housing Association Final Salary Scheme at 1 April 2003, but who chose to secure benefits accrued to 31 March 2003 in the William Sutton Housing Association Staff Pension Fund 1993 by taking a Deferred Pension (see 'Definitions') (option (b) in the announcements to employees).

The benefits accruing the William Sutton Housing Association Final Salary Scheme from 1 April 2003 onwards will be the same as those detailed in this guide for Full Transfer Members (see 'Definitions'). However, the deferred benefits in the William Sutton Housing Association Staff Pension Fund 1993 will be transferred as a Deferred Pension based on the rules of the 1993 Scheme (including Transfer Enhancement (see 'Definitions')). Differences between the rules relating to transferred in deferred benefits and the normal benefits under the William Sutton Housing Association Final Salary Scheme, where a member could be adversely affected are detailed below:

- **What happens if I leave the Scheme?**

If you leave the William Sutton Housing Association Final Salary Scheme, as well as getting a Deferred Pension as described on page 6 in respect of your Pensionable Service (see 'Definitions') from 1 April 2003, you will also get the Deferred Pension you earned in the William Sutton Trust Housing Association Staff Pension Fund 1993. This Deferred Pension will be calculated under the rules of the 1993 Scheme, and will therefore be based on your last 12 months Pensionable Earnings (see 'Definitions') up to 31 March 2003, including the Transfer Enhancement, and then further increased until you retire.

- **What will I get at retirement?**

When you retire from the William Sutton Housing Association Final Salary Scheme, as well as getting a Deferred Pension as described on page 6 in respect of your Pensionable Service (see 'Definitions') from 1 April 2003, you will also get the Deferred Pension you earned in the William Sutton Housing Association Staff Pension Fund 1993. This Deferred Pension will be calculated under the rules of the 1993 Scheme, and will therefore be based on your last 12 months Pensionable Earnings (see 'Definitions') up to 31 March 2003, including the Transfer Enhancement, and then further increased up to your retirement date.

- **Death benefits (pre 1 April 2003 service)**

If you die and your survivor is more than ten years younger than you the reduction applicable to Full Transfer Members will not apply to the part of the survivor's pension reflecting your Deferred Pension from the William Sutton Housing Association Staff Pension Fund 1993. If you left only one eligible child, the Scheme would pay to that child 25% of the value of your Deferred Pension from the William Sutton Housing Association Staff Pension Fund 1993 at the date of death. If you left two or more children the Scheme would pay them 50% of the value of your Deferred Pension from the William Sutton Housing Association Staff Pension Fund 1993, and this would be divided equally between up to four children. A Full Transfer Member would receive 12.5% for each of up to four children.

Definitions

Additional Voluntary Contributions (AVCs)

is the name given to any contributions you pay to secure extra pension benefits.

Annual Allowance

From 6 April 2011, the Annual Allowance is £50,000, although there will be provision to carry forward unused Annual Allowance from the previous three years. Please contact The Pensions Trust if you require further information.

In defined benefit schemes, such as Final Salary or CARE Schemes, the input value is measured by the increase in the value of the pension over the year. The input value is calculated as the increase in the annual pension amount, allowing for inflation, multiplied by 16.

In defined contribution schemes, such as The Pensions Trust's Growth Plan Series 3 or Series 4, Ethical Fund, Flexible Retirement Plan or Social Housing Pension Scheme defined contribution structure, the input value is the total of all contributions paid in by the member and the employer.

If the amount by which the increase in your input value in any one year exceeds the Annual Allowance of £50,000, and you do not have sufficient unused Annual Allowance from the previous three tax years to cover the excess, you will be liable for an 'Annual Allowance tax charge', even if your contributions are less than 100% of your earnings.

The tax charge on any increase in benefits above the Annual Allowance is payable either through self-assessment, or via a deduction from the benefit where the charge is greater than £2,000.

You will be responsible for reporting any excess growth on your annual self-assessment tax return. You are also responsible for paying the Annual Allowance tax charge, where this charge is less than £2,000. If the charge is greater than £2,000, you can opt for this to be deducted from your benefit by the scheme.

If you should die, become entitled to a serious ill-health lump sum, or retire on the grounds of ill-health where you are not likely to work again, then the input value of the tax year in which the event occurs will not count towards the Annual Allowance.

Benefits

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

Deferred Pension

is the pension secured for you on leaving Pensionable Service (see 'Definitions') and is payable on retirement.

Final Pensionable Earnings

is the average of your last three years' Pensionable Earnings (see 'Definitions'). This is increased by the rise in the Pensions in Deferment Index (see below) in the 12-month period that ends six months before you retire.

Full Transfer Member

A Full Transfer Member is a member who was in Pensionable Service (see 'Definitions') in the William Sutton Housing Association Staff Pension Fund 1993 on 31 March 2003, and who chose to join the William Sutton Housing Association Final Salary Scheme and to transfer the total period of Pensionable Service in the 1993 Scheme to the William Sutton Housing Association Final Salary Scheme.

Guaranteed Minimum Pension (GMP)

is that part of your pension, or your legal spouse's or civil partner's pension, which represents the equivalent of the State Earnings-Related Pension (SERPS), for Pensionable Service (see 'Definitions') before 6 April 1997. The Scheme pays a GMP to you during retirement, or your legal spouse or civil partner on your death, as part of the Scheme pension, to replace the State Earnings Related Pension. See also page 19.

Lifetime Allowance

During the 2011/2012 tax year, each individual in the UK is allowed to accumulate pension benefits up to a value of £1.8 million without incurring any tax charge. From 6 April 2012, the Lifetime Allowance will be reduced to £1.5 million.

Each year your Benefit Statement will show the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay AVCs without any danger of breaching the Lifetime Allowance.

If the Lifetime Allowance is exceeded, a tax charge of 55% will be levied on the excess fund if the benefits are taken as a cash lump sum. If the excess benefits are taken as pension then a tax charge of 25% will be levied, as well as the usual income tax payable on the pension instalments.

If you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) as to your best course of action.

Please note: The Pensions Trust and its representatives are not permitted to give financial advice.

Limited Price Indexation (LPI)

is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment. For pension accrued before 6 April 2005, LPI is defined as the rise in the Pensions in Payment Index (see above) up to a maximum of

5%. For pension accrued from 6 April 2005, the law requires (as a minimum) that the Scheme pays increases in line with the Pensions in Payment Index, capped at 2.5%. However, the William Sutton Housing Association has chosen to continue to pay pension increases on the pre-6 April 2005 basis (i.e. capped at 5%), and where affordable, pay full increases in line with the Pensions in Payment Index.

Normal Pension Age (NPA)

is age 60 for Scheme benefits. Your employer may have agreed a different retirement age.

Partial Transfer Member

A Partial Transfer Member is a member who chose to join the William Sutton Housing Association Final Salary Scheme but did not transfer their accrued benefits in the William Sutton Housing Association Staff Pension Fund 1993, but instead chose a Deferred Pension in the 1993 Scheme. See page 6 for more details.

Pensions in Deferment Index

RPI (Retail Prices Index) is used to calculate the pensions in deferment index.

Pensions in Payment Index

CPI (Consumer Prices Index) is used to calculate the pensions in payment index.

Pensionable Earnings

is your normal gross pay, including London Weighting and staff quarter emoluments or living off allowance, but not overtime or bonuses.

Pensionable Service

is your period of membership of the Scheme, including, if you are a Full Transfer Member (see 'Definitions'), transferred in service from the William Sutton Housing Association Staff Pension Fund 1993 (in years and completed months), and including the Transfer Enhancement (see below). It will include any additional Pensionable Service you may have been granted as a result of transferring the value of benefits from previous pension arrangements into the Scheme.

Protected Pension Age

Members who joined the Scheme before 6 April 2006 will have a Protected Pension Age of 50 from 6 April 2010. This will allow these members to retire from age 50 after 5 April 2010, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

The Scheme

is the William Sutton Housing Association Final Salary Scheme.

Transfer Enhancement

A Transfer Enhancement represents a 1.25% increase in accrued benefits for all members of the Scheme at 31 March 2003 (or the equivalent of one months Pensionable Service (see 'Definitions') for active members if greater).

These definitions are provided as a summary. Please see the formal **Trust Deed and Rules**, as appropriate, for further clarification.



The Pensions Trust

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