



A Guide for Members



Scottish Housing Associations' Pension Scheme



Administered by
The Pensions Trust

A Guide for Members



Scottish Housing Associations' Pension Scheme

The Scottish Housing Associations' Pension 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.

The Scheme has five benefit options which are as follows:

1. Final salary with 1/60th accrual.
2. Career Average Revalued Earnings (CARE) with 1/60th accrual.
3. Career Average Revalued Earnings (CARE) with 1/70th accrual.
4. Career Average Revalued Earnings (CARE) with 1/80th accrual.
5. Career Average Revalued Earnings (CARE) with 1/120th accrual.

Further details are included in the appendices at the back of this booklet. The benefit option applicable to you will be that chosen by your employer. Please

contact the person who deals with pension matters in your organisation for details.

Some employers will give employees a choice of benefit options; if this is the case you may have to pay a higher, non-standard contribution rate if you choose a more expensive option than your employer's 'default' option. This will be explained to you if it applies in your organisation.

This booklet provides basic information about the Scottish Housing Associations' Pension 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 new 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:

Scottish Housing Associations' Pension Scheme
The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Tel: 0113 394 2735
Fax: 0113 234 5599
Email: enquiries@thepensionstrust.org.uk
The Scheme's website address is: www.shaps.org.uk

June 2011

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Joining the Scheme

Can I join the Scheme?

Yes, by completing an Employee Application Form which you can request from your employer, as long as you:

- work for an employer that participates in the Scheme;
- are aged between 18 and 64 (inclusive); and
- have completed any minimum period of service specified by your employer (this will never be more than 12 months after you started work).

When can I join?

You can join the Scheme when the above conditions are fulfilled. If you do not join within one year of becoming eligible, you may be allowed to join later if your employer and the Scottish Housing Associations' Pension Scheme Committee (the Committee) agree and subject to a minimum of three months' service unbroken through illness.

Every member is bound by the obligations of the formal Trust Deed and Rules and the Scheme Document.

How much do I pay?

Contribution rates are reviewed by the Committee on the advice of the Actuary at least every three years.

Example contribution rates

Pensionable Earnings of £25,000	4.7%	6.6%	7.5%	8.5%	9.6%
Gross Contributions	£1,175 a year or £97.92 a month	£1,650 a year or £137.50 a month	£1,875 a year or £156.25 a month	£2,125 a year or £177.08 a month	£2,400 a year or £200 a month
You will receive tax relief at 20%* and save	£235 a year or £19.58 a month	£330 a year or £27.50 a month	£375 a year or £31.25 a month	£425 a year or £35.41 a month	£480 a year or £40 a month
You will pay lower National Insurance Contributions saving (2011/12 level*)	Not applicable	£315.13 a year or £26.26 a month	£315.13 a year or £26.26 a month	£315.13 a year or £26.26 a month	£315.13 a year or £26.26 a month
The net cost to you will be	£940 a year or £78.33 a month	£1,004.87 a year or £83.74 a month	£1,184.87 a year or £98.74 a month	£1,384.87 a year or £115.41 a month	£1,604.87 a year or £133.74 a month

* Subject to change. Those members in the higher tax bracket currently receive tax relief at 40%.

Please refer to the appendix(ices) applicable to your membership for further information.

The table below provides examples of the gross and net cost of membership. The net cost is significantly lower due to savings on tax and National Insurance (except for the CARE 120ths benefit option).

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 provided later in this booklet.

How much does my employer pay?

Your employer pays the balance of the cost of the Scheme, which will vary from time to time.

With the exception of the CARE 120ths benefit option, your employer pays lower National Insurance Contributions as a result of the Scheme being contracted-out of the additional State Pension (known as State Second Pension).

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Your contributions explained

The amount you pay (your normal contributions) will be deducted by your employer. The total cost of funding the Scheme is shared between members and employers.

The actual cost to you is substantially reduced because you get tax relief on your contributions.

Also, because the Scheme is contracted-out of the additional State Pension you pay lower National Insurance Contributions, which reduces the cost further (except for the CARE 120ths benefit option). Please refer to page 14 for further information.

Rejoining

If you leave the Scheme but remain in the same employment, and then ask to rejoin the Scheme, the consent of your employer and the Committee (see 'Definitions') is required.

Periods of Scottish Housing Associations' Pension Scheme membership which began before 1 April 2008 will be combined when your benefits are paid if this results in a higher pension.

Any periods of membership which began on or after 1 April 2008 cannot be combined with earlier periods of membership.

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 your employer. In both cases you can choose to:

- have a deferred pension; or
- transfer your benefits to another pension arrangement; or
- take a refund of any contributions you may have paid to the Scheme, but only if you leave the Scheme with less than two years' qualifying service (see explanation following).

Please note: If you choose to opt-out of the Scheme, you must give your employer one month's written notice, and you may only rejoin the Scheme if your employer and the Committee agree to you doing so.

Deferred pension

Your deferred pension is calculated according to which benefit option(s) you have been a member of. Please refer to the appendix(ices) applicable to your membership for further information.

For membership before April 2002, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment.

For membership from April 2002, your pension will be actuarially reduced if it is taken before age 65 to reflect the fact that your benefits are paid earlier and for longer.

You may apply for early 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) 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 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').

Please note: Those members whose membership ended before 1 October 1993 will receive fixed pension increases (in deferment and after retirement) of 5% per annum on any pension in excess of their GMP.

Please refer to page 10 for details of how your pension will increase once it is in payment.

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.

The transfer value is calculated as the best estimate of the cash sum that would need to be invested in order to reproduce your benefits at retirement. A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request at any time.

Refund of your contributions

You may take a refund of your own contributions to the Scheme (but not your employer's) plus interest (see 'Definitions'), provided you have less than two years' qualifying service. Qualifying service includes your period of membership of this Scheme or other schemes of The Pensions Trust, plus actual length of service in any previous scheme where you have transferred these benefits into this Scheme. If you have transferred benefits from a personal pension plan to the Scheme you cannot take a refund of your contributions. There are two deductions from the refund:

- tax will be deducted at a rate of 20% (or 50% on any refund amount in excess of £20,000); and
- with the exception of the CARE 120ths option, an amount which will buy you back into the additional State Pension (known as State Second Pension).

Please note: If interest is included with your refund, you will need to notify your tax office of the amount of interest you receive. This is because the law now requires that gross interest is paid. Your tax office will subsequently notify you of any tax charge applicable to this sum.

Changing jobs

If you move from one participating Scheme employer to another and rejoin the Scheme within 30 days, then you have the option of unbroken membership of the Scheme. Alternatively, you may choose to re-enrol under a new membership number, for instance, if your new salary is lower and would reduce the value of benefits you have already built up.

This is a complex area and you may find it helpful to discuss this with the Scheme's Administration Team at The Pensions Trust.

Calculation of pension

Please refer to the appendix(ices) applicable to your membership for further information.

Retirement

There is no longer the requirement to have left the employment to which the pension relates. With the exception of ill-health early retirement and 'Protected Pension Age' (see 'Definitions') retirements, any reference to retirement in this booklet 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 Normal Pension Age (NPA) under the Scheme is 65. This is the age that will be used for normal funding purposes for Scheme benefits. If you retire after NPA, your pension could be greater – and if it starts before NPA, it could 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?

The amount of your pension depends on which benefit option(s) you have been a member of. Please refer to the appendix(ices) applicable to your membership for further information.

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 the 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.

Can I take a cash 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 cash 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 cash 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 lump sums available to individuals at age 65. Please note that these figures are only provided as examples.

Taking a PCLS at retirement will leave you with a reduced pension. The table below shows comparisons between a full pension (option 1) or a PCLS with a reduced pension (option 2) for an individual aged 65.

Pension choice

The Scheme provides for a survivor's pension to be 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 someone in the future **or** taking an increased pension for yourself.

This option applies from 1 April 2002 only for those who were contributing members at that date or who joined on or after that date.

Details are provided to all members at retirement.

Option 1	Option 2	
Full Pension	Maximum Cash Lump Sum	Reduced Pension
£5,000 per year	£ 21,440	£3,210 per year
£10,000 per year	£ 42, 880	£ 6,430 per year
£15,000 per year	£ 64,320	£ 9,640 per year

A statutory minimum pension must be paid to a legal spouse or civil partner.

Flexible retirement

In most cases members are able to take all or 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. This option is only available once in a 12-month period.

Enquiries in the first instance should be directed to the Scheme's Administration Team at The Pensions Trust, tel: 0113 394 2735.

Please note: This should not be confused with the right to have your pre 1 April 2002 benefits paid with no reduction from age 60. This option is also sometimes referred to as 'flexible retirement'.

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 contribute after NPA?

Yes. If your employer agrees to you continuing to work after age 65, you may continue to contribute to the Scheme up until your 75th birthday. You must take your pension by age 75, even if you continue to work.

When you retire the pension calculated as at your 65th birthday will be increased from age 65 to the date you draw your benefits, and added to the benefits you have built up since your 65th birthday.

Death benefits will continue to be provided on the same basis as they were before age 65.

If you are not contributing to the Scheme, or opt to stop contributing, when you reach your 65th birthday you may still choose to defer drawing your scheme benefits – for example if you are still working. If you do this, then your deferred pension will be increased from age 65 to the date you draw your benefits.

If you die before taking your pension but over age 65, the death benefits will be calculated as if you had retired on the day before your death.

You will still have the option to take a cash lump sum if you choose to retire after age 65.

What happens if I am too ill to continue working?

If you have been absent for at least six months, 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. In exceptional circumstances the Committee may waive the six months' absence requirement.

Your ill-health pension will be calculated as explained in the appendix(ices) applicable to your membership for the period to your date of retirement, plus half the prospective pension from that date to age 65. There will be no reduction for early payment. The prospective pension is calculated using your 'final pensionable earnings' (see 'Definitions').

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

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

You may also apply for early payment if you are too ill to continue working and have a deferred pension after leaving your employment or leaving the Scheme. In this case, if approved, your deferred pension will not be reduced for early payment.

If tax is due on the pension then it will be deducted under the PAYE system.

Death Benefits

What happens if I die before retiring?

If you die before you retire while in employment and contributing to the Scheme, as required by your employer, the benefits are:

Lump sum

- three times your pensionable earnings at the date of your death; and
- a refund of your own contributions, with interest (see 'Definitions').

Survivor's pension

- 50% of the pension you would have received calculated using pension earned up to the date of your death, plus the prospective pension from that date to age 65. The prospective pension is calculated using your pensionable earnings at the date of your death.

Children's pension

- 12.5% of the pension you would have received, (as described under 'Survivor's pension'), would be paid to each of up to four dependent children.

What happens if 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 own contributions, with interest (see 'Definitions').

Survivor's pension

- 50% of the pension you would have received, calculated on the value of your deferred pension at the date of your death.

Children's pension

- 12.5% of the pension you would have received, (as described under 'Survivor's pension'), would be paid to each of up to four dependent children.

What happens when I die after retiring?

When you die after your pension has started 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 PCLS and including increases in your pension).

Children's pension

- 12.5% of your pension, (as described under 'Survivor's pension'), would be paid to each of up to four dependent children.

Members who joined the Scheme before 1 October 1991 and retire prior to age 65 will receive full life assurance cover of three times final earnings after the date of retirement to age 65. This benefit would replace the cash lump sum described above.

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), 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.

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

- 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 partner's pension is paid; or
 - dependent children are orphans or become orphans.

Nominations

- You must complete a Nomination Form or give your nominations to us in writing.

The Nomination Form is used to advise the Trustee of your wishes regarding the benefits payable in the event of your death.

- Separate nominations are required for cash 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 a 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; and
- 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. Please 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 by seven working days after receipt of appropriate forms. After this pensions are paid quarterly in advance, on the 6 of January, April, July and October. They will be paid direct to your bank account, building society account or Giro account.

Please note that your pension is a source of income which is subject to income tax. Any tax due will be deducted under the PAYE system.

When will my pension increase?

Pension increases are applied on 6 April each year. Increases are based on the rise in the Pensions in Payment Index in the January of the same year, as detailed below.

How does my pension increase?

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

In some cases the State has different rules for GMP (see 'Definitions') increases 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 LPI (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 inflation. This increase is paid partly by the State and partly by the Scheme.
- Any pension in excess of this will increase by LPI (see 'Definitions').

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

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 NPA; 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; you will not be able to receive the benefit from your AVCs until you retire.

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 your normal contribution rate (to your main scheme) is 7.5%, this will give you scope to pay up to a further 92.5% of your earnings as tax-free AVCs.

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 in the same way as your 'normal' contributions, 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 and AVCs 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 money purchase basis. This means the amount of pension will depend on variable factors such as:

- how much you have paid in;
- the investment returns received; and
- the cost of pensions when you retire.

Because of these variables it is not feasible, before contributions commence, to project what level of 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.

The AVC pension is usually paid from the same date as your main Scheme benefits.

Can I take a cash lump sum from my AVC fund?

You are entitled to take up to approximately 25% of the value of your AVCs as a cash 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, contact details are on the back cover of this booklet.

What if...

What if I work part-time?

Please refer to the appendix(ices) applicable to your membership for further information.

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?

Provided that you are paid during maternity leave, you will:

- pay your normal rate of contributions but based on the pay you actually receive during maternity leave (your employer pays the shortfall); and
- your membership will continue, based on the salary you would be receiving if you were not on maternity leave.

Where you have statutory entitlements, benefits under the Scheme will be provided for 39 weeks.

If you are on maternity leave and your pay, including any statutory maternity pay, stops, your membership and any contributions will stop until you return to work. On your return you can pay the contributions missed during your unpaid leave to give you continuous membership, or you will receive reduced benefits at retirement.

Please note: Should you die during paid or unpaid maternity leave, the full range of death benefits will be paid based on your normal salary (not your maternity pay, if any).

What if I take family leave?

In the scheme 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. Please note the above applies to any periods of 'additional paternity leave' which may be granted to members in relation to babies due on or after 3 April 2011.

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 you are off work due to illness or other absence (as agreed by your employer) for up to 30 months, and are in receipt of full or reduced pay, you will pay contributions at your normal percentage rate on whatever pay you receive. Therefore, if you receive full pay you will pay your usual (full-rate) contribution, but if your pay drops to half-rate the contribution deducted must also be reduced to half your normal amount. If your pay stops your contributions will stop.

When you return to work:

- If you choose to pay the contributions missed, your employer will also pay its contributions, and your membership will be re-instated.
- If contributions are paid at a different level from your normal rate, for example, on half-pay, your membership will be adjusted accordingly.
- If the contributions missed are not paid, your membership will be suspended for that period.

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

You will be treated as a leaver if you remain absent from work after 30 months. Your date of leaving will be the end of the 30 month period, or the date your contributions stopped if earlier.

Further Information

The Committee

The Trustee delegates powers concerning Scheme benefits and the operation of the Scheme to the Scottish Housing Associations' Pension Scheme Committee (the Committee). Committee members are elected both by employers and members of the Scheme. The Committee consists of:

- five member nominated representatives;
- five employer nominated representatives; and
- up to three co-opted representatives.

The Committee decides what benefits the Scheme will offer and ensures that the Scheme is adequately funded.

Every two years elections are held for appointments to the Committee. Invitations to make nominations are issued at the appropriate time.

Who looks after the Scheme?

The day-to-day administration is entrusted to The Pensions Trust 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.

Are benefits restricted?

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

The Committee has taken the decision to retain an earnings cap from 6 April 2006, although this is no longer a legal requirement. This is the maximum amount of pay on which contributions will be deducted in any tax year. It is also the maximum figure which will be used when calculating pension benefits under the Scheme rules. The figure is £129,600 for the tax year 2011/12 and will be reviewed each year.

Can I assign my pension?

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

The Trustee Company

The 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, 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

At the time of updating this document, the latest information regarding the changes to State Pension age, as published on the Directgov website, were as follows:

Currently, the State Pension age for men is 65. On 6 April 2010, the State Pension age for women started to increase gradually from 60 to 65 to match men's.

The Government has announced new proposals for increasing State Pension age which would affect you if you were born between 6 April 1953 and 5 April 1960.

The proposals would mean women's State Pension age would increase more quickly to 65 between April 2016 and November 2018.

From December 2018 the State Pension age for both men and women would start to increase to reach 66 by April 2020.

Any change to the timetable needs the approval of Parliament.

The Government is also considering the timetable for future increases to the State Pension age from 66 to 68.

Up-to-date information on State Pensions can be found on the Directgov website via the following link:
<http://www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/index.htm>

Additional State Pension

Before April 2002 the additional State Pension was known as 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 (except for the CARE 120ths benefit option) 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 contribute to the Scheme.

The minimum level of pension to be provided by contracted-out schemes is determined by a statutory 'Reference Scheme' test.

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

Pension Tracing Service

Details of The Pensions Trust (and all pension schemes) are held by 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 Scottish Housing Associations' Pension 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 provided 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 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 respect 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 as 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 Pensions Trust's website at www.thepensiontrust.org.uk under the 'General Literature' section of the 'Document Library'.

Scottish Housing Associations' Pension Scheme Annual Report

Members receive a copy of the Scottish Housing Associations' Pension Scheme Annual Report each year. A copy can be reviewed on the Scheme's website at www.shaps.org.uk under the 'Document Library' section.

Termination

The Scottish Housing Associations' Pension Scheme is a centralised scheme and is intended to provide long-term security for the benefit of its past, present and future members.

While the Committee intends to continue the Scheme indefinitely it reserves the right to amend or discontinue the whole, or any part of it, at

any time. However, no amendment will be made which will reduce the benefits you have built up to the date of the amendment.

If your employer decides to withdraw from the Scheme you will normally be entitled to benefits calculated as if you had left service, subject to the necessary contributions having been paid.

The Pension Protection Fund (PPF)

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

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

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

- your full pension if you have reached your scheme's Normal Pension Age 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 £29,897.00 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; and
- pension earned from 6 April 1997 will increase each year in line with the Pensions in Payment Index up to a maximum of 2.5%. Pension relating to membership before 6 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.

The PPF will only assume responsibility for multi-employer schemes (such as the Scottish Housing Associations' Pension Scheme) if all the participating employers become insolvent, or if there is concern that all of the employers are unlikely to continue as going concerns.

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 Pensions Operations.

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 7592 7900
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 7630 2200
Fax: 020 7821 0065
Email: enquiries@thepensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator is able to intervene in the Scheme administration where the 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

Definitions

Additional Voluntary Contributions (AVCs)

is the name given to any contributions you pay above your 'normal' contributions to the Scheme.

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 death, retirement and after leaving the Scheme.

The Committee

is the Scottish Housing Associations' Pension Scheme Committee (the Committee). The Committee has responsibility for managing the Scheme. See also page 13.

Deferred Pension

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

Final Pensionable Earnings

is the yearly average of your earnings over the three years (or the period of Scheme service if less) ending at your date of retirement. This is increased in line with the increase in the Index in the year ending six months before retirement.

Guaranteed Minimum Pension (GMP)

is the part of your pension, or your legal spouse's or civil partner's pension, which represents the equivalent of the State Earnings Related Pension Scheme (SERPS), for membership before 6 April 1997. The Scheme pays a GMP to you or your legal spouse or civil partner during retirement, as part of the Scheme pension, to replace the State Earnings Related Pension. See also page 14.

Interest

means compound interest calculated annually on the amount of your contributions at the end of the preceding September. For refunds of contributions on death, interest only accrues up to the date of death.

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 Index (LPI)

is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment. For pension accrued from 6 April 2005, LPI is defined as the rise in the Pensions in Payment Index, up to a maximum of 2.5%. For pension which was earned before 6 April 2005, LPI is the rise in the Pensions in Payment Index, up to a maximum of 5%.

Normal Pension Age (NPA)

is age 65 for Scheme benefits. Your employer may have agreed a different retirement age.

Pensionable Earnings

is your basic salary or wage.

Please note: This can include childcare vouchers at the discretion of your employer.

Pensionable Service

is your period of membership of the Scheme (in years and completed months) in Benefit Option 1. It will include any additional pensionable service you may have been granted as a result of transferring the value of benefits from a previous pension arrangement into the Scheme.

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.

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, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

Reference Scheme Test

To contract-out of the additional State Pension, from 6 April 1997 the Scheme must provide benefits at least equal to the Reference Scheme (as defined by legislation for contracting-out purposes). See also page 14.

The Scheme

is the Scottish Housing Associations' Pension Scheme (SHAPS).

SHAPS

means the Scottish Housing Associations' Pension Scheme.

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

Explore the Scheme's website.

It is easy to use and has lots of helpful information, for employees including:

- Details of the benefits available.
- Forms and literature available to download.
- Online pension calculator.
- Key contact details.

www.shaps.org.uk

Appendices

- Appendix A
Benefit Option 1 – Final Salary with 1/60th accrual
- Appendix B
Benefit Option 2 – CARE with 1/60th accrual
- Appendix C
Benefit Option 3 – CARE with 1/70th accrual
- Appendix D
Benefit Option 4 – CARE with 1/80th accrual
- Appendix E
Benefit Option 5 – CARE with 1/120th accrual



Appendix A

Benefit Option I – Final Salary with 1/60th accrual

How much does this option cost?

Contribution rates are reviewed by the Committee on the advice of the Scheme Actuary at least every three years and a cost for each benefit option is calculated.

The cost of providing this option for service from 1 April 2011 is 19.2%. This cost is split between the employers and the members as follows:

- Employers will pay 9.6%.
- Members will pay 9.6%.

Please note: Some employers will give employees a choice of benefit options; if this is the case you may have to pay a higher, non-standard contribution rate if you choose a more expensive option than your employer's 'default' option. This will be explained to you if it applies in your organisation.

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Deferred pension

Your deferred pension is calculated according to the benefit option you have been a member of (see the 'Calculation of Pension' section below).

For all pensionable service in this benefit option the earnings used will be the better of:

- your final pensionable earnings; and
- your actual pensionable earnings during the 12 months before you leave.

Your deferred pension from the Scheme, in respect of pensionable service before April 2002, is payable from age 60 without any reduction for early payment.

Deferred pension in respect of pensionable service from April 2002 will be actuarially reduced if it is taken before age 65.

Your deferred pension will increase in line with RPI (up to 5% per annum) until it is paid to you. If RPI exceeds 5% it is the Scheme's objective to increase pensions in line with RPI, if sufficient resources are available. You may apply for early payment of your pension when you are eligible but this will be reduced to reflect the longer payment period.

An example of how to calculate your benefits is shown below.

Calculation of pension

The calculation of your pension on leaving or retirement will depend on the benefit option(s) of which you have been a member.

Please note: If you have transferred into the Scheme, the benefits secured by the transfer will be paid in addition to those below.

For your period of membership in this benefit option you will receive a pension of 1/60th x pensionable service x pensionable earnings.

e.g. $1/60\text{th} \times 20 \text{ years} \times \text{£}25,000 = \text{£}8,333.33$ per annum

What if I work part-time?

If you have consistently worked the same part-time hours in your employment you can calculate your pension benefits using the method shown above.

The calculation is more complex if the number of hours you work 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 benefits will be reduced proportionately to the equivalent full-time service.

Appendix B

Benefit Option 2 – CARE with 1/60th accrual

How much does this option cost?

Contribution rates are reviewed by the Committee on the advice of the Scheme Actuary at least every three years and a cost for each benefit option is calculated.

The cost of providing this option for service from 1 April 2011 is 17.1%. This cost is split between the employers and the members as follows:

- Employers will pay 8.6%.
- Members will pay 8.5%.

Please note: Some employers will give employees a choice of benefit options; if this is the case you may have to pay a higher, non-standard contribution rate if you choose a more expensive option than your employer's 'default' option. This will be explained to you if it applies in your organisation.

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Deferred pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

For membership before April 2002, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment.

For membership from April 2002, your pension will be actuarially reduced if it is taken before age 65 to reflect the longer payment period.

Your deferred pension will continue to increase in value until it is paid to you. You may apply for early payment of your pension when you are eligible but this will be reduced to reflect the longer payment period.

An example of how to calculate benefits earned in this benefit option is shown below.

Calculation of pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

The calculation of your pension on leaving or retirement will depend on which benefit option you have been a member of.

Please note: If you have transferred into the Scheme, the benefits secured by the transfer will be paid in addition to those below.

For your period of membership in this benefit option you will receive a pension of:

$1/60\text{th} \times \text{total revalued career earnings.}$

In practice we will calculate a pension of 1/60th of your pensionable earnings each year.

The pension earned each year will then be increased by the rise in the Retail Prices Index (RPI), up to a maximum of 5%, that follows in each subsequent year before retirement. If RPI exceeds 5% it is the Scheme's objective to increase pensions in line with RPI, if sufficient resources are available.

- Revaluation under the rules is for complete years – April to the end of March, effective from 1st April each year.
- Pension earned from April to your retirement date in the year you retire, and in the one year up to that April, is not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

Example:

If you have been a member of benefit option 1 for ten years, a member of benefit option 2 for five years and your final pensionable earnings are £15,000 your pension will be:

$$1/60\text{th} \times 10 \text{ years} \times £15,000 = £2,500 \text{ a year}$$

plus

CARE pension of £1,270.56 a year, calculated as follows:

Table A - Example Data

	Assumed Earnings	Pension 1/60th of Earnings	Assumed RPI Inflation
Year 1	£13,500	£225.00	n/a
Year 2	£14,000	£233.33	3.0%
Year 3	£14,500	£241.67	2.5%
Year 4	£15,000	£250.00	2.4%
Year 5	£15,500	£258.33	2.7%

Table B - Revalued Pension

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£225.00	× 1.03	× 1.025	× 1.024	× 1.027	=£249.81
Year 2		£233.33	× 1.025	× 1.024	× 1.027	=£251.52
Year 3			£241.67	× 1.024	× 1.027	=£254.15
Year 4				£250.00	× 1.027	=£256.75
Year 5					£258.33	=£258.33
Total pension after the end of Year 5						£1,270.56

What if I work part-time?

In benefit option 3 your pension is calculated each year from your actual pensionable earnings and is therefore unaffected by the number of hours you work.

Appendix C

Benefit Option 3 – CARE with 1/70th accrual

How much does this option cost?

Contribution rates are reviewed by the Committee on the advice of the Scheme Actuary at least every three years and a cost for each benefit option is calculated.

The cost of providing this option for service from 1 April 2011 is 14.9%. This cost is split between the employers and the members as follows:

- Employers will pay 7.4%.
- Members will pay 7.5%.

Please note: Some employers will give employees a choice of benefit options; if this is the case you may have to pay a higher, non-standard contribution rate if you choose a more expensive option than your employer's 'default' option. This will be explained to you if it applies in your organisation.

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Deferred pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

For membership before April 2002, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment.

For membership from April 2002, your pension will be actuarially reduced if it is taken before age 65 to reflect the longer payment period.

Your deferred pension will continue to increase in value until it is paid to you. You may apply for early payment of your pension when you are eligible but this will be reduced to reflect the longer payment period.

An example of how to calculate your benefits earned in option 3 is shown below.

Calculation of pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

The calculation of your pension on leaving or retirement will depend on which benefit option(s) you have been a member of.

Please note: If you have transferred into the Scheme, the benefits secured by the transfer will be paid in addition to those below.

For your period of membership in this benefit option you will receive a pension of:

$1/70\text{th} \times \text{total revalued career earnings.}$

In practice we will calculate a pension of 1/70th of your pensionable earnings each year.

The pension earned each year will then be increased by the rise in the Retail Prices Index (RPI), up to a maximum of 5% that follows in each subsequent year before retirement. If RPI exceeds 5% it is the Scheme's objective to increase pensions in line with RPI, if sufficient resources are available.

- Revaluation under the rules is for complete years – April to the end of March, effective from 1st April each year.
- Pension earned from April to your retirement date in the year you retire, and in the one year up to that April, is not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

Example:

If you have been a member of benefit option 1 for ten years, a member of benefit option 4 for five years and your final pensionable earnings are £15,000 your pension will be:

$$1/60\text{th} \times 10 \text{ years} \times £15,000 = £2,500 \text{ a year}$$

plus

CARE pension of £1,089.07 a year, calculated as follows:

Table A - Example Data

	Assumed Earnings	Pension 1/70th of Earnings	Assumed RPI Inflation
Year 1	£13,500	£192.86	n/a
Year 2	£14,000	£200.00	3.0%
Year 3	£14,500	£207.14	2.5%
Year 4	£15,000	£214.29	2.4%
Year 5	£15,500	£221.43	2.7%

Table B - Revalued Pension

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£192.86	× 1.03	× 1.025	× 1.024	× 1.027	=£214.13
Year 2		£200.00	× 1.025	× 1.024	× 1.027	=£215.59
Year 3			£207.14	× 1.024	× 1.027	=£217.84
Year 4				£214.29	× 1.027	=£220.08
Year 5					£221.43	=£221.43
Total pension after the end of Year 5						£1,089.07

What if I work part-time?

In benefit option 3 your pension is calculated each year from your actual pensionable earnings and is therefore unaffected by the number of hours you work.

Appendix D

Benefit Option 4 – CARE with 1/80th accrual

How much does this option cost?

Contribution rates are reviewed by the Committee on the advice of the Scheme Actuary at least every three years and a cost for each benefit option is calculated.

The cost of providing this option for service from 1 April 2011 is 13.2%. This cost is split between the employers and the members as follows:

- Employers will pay 6.6%.
- Members will pay 6.6%.

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Deferred pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

For membership before April 2002, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment.

For membership from April 2002, your pension will be actuarially reduced if it is taken before age 65 to reflect the longer payment period.

Your deferred pension will continue to increase in value until it is paid to you. You may apply for early payment of your pension when you are eligible but this will be reduced to reflect the longer payment period.

An example of how to calculate your benefits earned in option 4 is shown below.

Calculation of pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

The calculation of your pension on leaving or retirement will depend on which benefit option(s) you have been a member of.

Please note: If you have had a transfer into the Scheme, the benefits secured by the transfer will be paid in addition to those below.

For your period of membership in this benefit option you will receive a pension of:

$1/80\text{th} \times \text{total revalued career earnings.}$

In practice we will calculate a pension of 1/80th of your pensionable earnings each year.

The pension earned each year will then be increased by the rise in the Retail Prices Index (RPI), up to a maximum of 5% that follows in each subsequent year before retirement. If RPI exceeds 5% it is the Scheme's objective to increase pensions in line with RPI, if sufficient resources are available.

- Revaluation under the rules is for complete years – April to the end of March, effective from 1st April each year.
- Pension earned from April to your retirement date in the year you retire, and in the one year up to that April, is not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

Example:

If you have been a member of benefit option 1 for ten years, a member of benefit option 3 for five years and your final pensionable earnings are £15,000 your pension will be:

$$1/60\text{th} \times 10 \text{ years} \times £15,000 = £2,500 \text{ a year}$$

plus

CARE pension of £952.92 a year, calculated as follows:

Table A - Example Data

	Assumed Earnings	Pension 1/80th of Earnings	Assumed RPI Inflation
Year 1	£13,500	£168.75	n/a
Year 2	£14,000	£175.00	3.0%
Year 3	£14,500	£181.25	2.5%
Year 4	£15,000	£187.50	2.4%
Year 5	£15,500	£193.75	2.7%

Table B - Revalued Pension

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£168.75	× 1.03	× 1.025	× 1.024	× 1.027	=£187.36
Year 2		£175.00	× 1.025	× 1.024	× 1.027	=£188.64
Year 3			£181.25	× 1.024	× 1.027	=£190.61
Year 4				£187.50	× 1.027	=£192.56
Year 5					£193.75	=£193.75
Total pension after the end of Year 5						£952.92

What if I work part-time?

In benefit option 4 your pension is calculated each year from your actual pensionable earnings and is therefore unaffected by the number of hours you work.

Appendix E

Benefit Option 5 – CARE with 1/120th accrual

How much does this option cost?

Contribution rates are reviewed by the Committee on the advice of the Scheme Actuary at least every three years and a cost for each benefit option is calculated.

The cost of providing this option for service from 1 April 2011 is 9.4%. This cost is split between the employers and the members as follows:

- Employers will pay 4.7%.
- Members will pay 4.7%.

Can I transfer previous benefits into the Scheme?

No. After receiving advice from the Scheme Actuary the Committee has decided not to permit transfers from members' previous pension arrangements.

Deferred pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

For membership before April 2002, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment.

For membership from April 2002, your pension will be actuarially reduced if it is taken before age 65 to reflect the longer payment period.

Your deferred pension will continue to increase in value until it is paid to you. You may apply for early payment of your pension when you are eligible but this will be reduced to reflect the longer payment period.

An example of how to calculate your benefits earned in option 5 is shown below.

Calculation of pension

Please note for any period of membership prior to 1 April 2008 your benefits will be calculated as described in Appendix A.

The calculation of your pension on leaving or retirement will depend on which benefit option(s) you have been a member of.

Please note: If you have had a transfer into the Scheme, the benefits secured by the transfer will be paid in addition to those below.

For your period of membership in this benefit option you will receive a pension of:

1/120th x total revalued career earnings.

In practice we will calculate a pension of 1/120th of your pensionable earnings each year.

The pension earned each year will then be increased by the rise in the Retail Prices Index (RPI), up to a maximum of 5% that follows in each subsequent year before retirement. If RPI exceeds 5% it is the Scheme's objective to increase pensions in line with RPI, if sufficient resources are available.

- Revaluation under the rules is for complete years – April to the end of March, effective from 1st April each year.
- Pension earned from April to your retirement date in the year you retire, and in the one year up to that April, is not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

Example:

If you have been a member of benefit option 1 for ten years, a member of benefit option 5 for five years and your final pensionable earnings are £15,000 your pension will be:

$$1/60\text{th} \times 10 \text{ years} \times £15,000 = £2,500 \text{ a year}$$

plus

CARE pension of £635.28 a year, calculated as follows:

Table A - Example Data

	Assumed Earnings	Pension 1/120th of Earnings	Assumed RPI Inflation
Year 1	£13,500	£112.50	n/a
Year 2	£14,000	£116.67	3.0%
Year 3	£14,500	£120.83	2.5%
Year 4	£15,000	£125.00	2.4%
Year 5	£15,500	£129.17	2.7%

Table B - Revalued Pension

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£112.50	× 1.03	× 1.025	× 1.024	× 1.027	=£124.91
Year 2		£116.67	× 1.025	× 1.024	× 1.027	=£125.76
Year 3			£120.83	× 1.024	× 1.027	=£127.07
Year 4				£125.00	× 1.027	=£128.37
Year 5					£129.17	=£129.17
Total pension after the end of Year 5						£635.28

What if I work part-time?

In benefit option 5 your pension is calculated each year from your actual pensionable earnings and is therefore unaffected by the number of hours you work.

Notes

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