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**Royal National College for the Blind Defined Benefit Scheme  
A Guide for Members**

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The Pensions Trust

## **Royal National College for the Blind Defined Benefit Scheme**

Royal National College for the Blind (RNCB) Defined Benefit Scheme (the Scheme) has been designed to provide security for you during your retirement and for your dependents 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, the leading provider of pensions to the voluntary sector. The main features of the Scheme 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 existing 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:

RNCB Defined Benefit Scheme  
The Pensions Trust  
Verity House  
6 Canal Wharf  
Leeds  
LS11 5BQ

Tel: 0113 394 2736  
Fax: 0113 234 5599  
Email: [enquiries@thepensionstrust.org.uk](mailto:enquiries@thepensionstrust.org.uk)

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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 are aged at least 16 and below age 65. Please note: The upper age limit for joining was 60 prior to 1 October 2006.

### **When can I join?**

You can join the Scheme as soon as your employment commences, subject to the above age limitations.

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

### **How much do I pay?**

Members joining the Scheme prior to 1 September 2009 contribute 6.45% of pensionable earnings. Members joining the Scheme on or after 5 September 2009 will contribute 10% of pensionable earnings. However, the actual cost to you is substantially less (see 'Your contributions explained').

Contribution rates are reviewed by RNCB on the advice of the Actuary at least every three years and it is possible that contribution rates may alter in the future. The next page provides details of the gross and net cost of membership.

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 RNCB pay?**

RNCB pays the balance of the cost of the Scheme, which will vary from time to time. Your employer 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 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 permit transfers in by members who are no longer contributing to the Scheme.

### Your contributions explained

The amount you pay (your normal contributions) is currently 10% of your pensionable earnings (or 6.45% for those members who joined prior to 5 September 2009). The table below illustrates how the actual cost to you is substantially less because you will receive 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.

The table below illustrates the contributions for an example salary of £20,000 a year.

<b>Your contribution example</b>	<b>From September 2009</b>
10% of pensionable earnings of £20,000 will be	£2,000 a year
You receive tax relief at 20%* and save	£400 a year
You will pay lower National Insurance Contributions (2009/10 level), saving	£235.20 a year
The actual cost to you will be	£1,364.80 a year
Net % of pensionable earnings	6.8%

\* Those members in the higher tax brackets currently receive tax relief at 40% or 50% as appropriate.

## 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 the following explanation).

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**

### Pre 1 April 2009

Your deferred pension is calculated using the pensionable service you have completed to 31 March 2009 and final pensionable earnings (see 'Definitions').

### 1 April 2009 onwards

Your deferred pension for service from 1 April 2009 will be calculated using the service you have completed and your Career Average Revalued Earnings (see 'Definitions').

For pensionable service before 1 October 2006, your deferred pension from the Scheme is payable from age 60 without any reduction for early payment. However, if you left the Scheme before 1 December 1991 your benefits will be reduced if they are taken before Normal Pension Age (NPA).

For pensionable service from 1 October 2006, your pension will be actuarially reduced if it is taken before age 65 to reflect the longer payment period.

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?**

Your deferred pension will continue to increase each year prior to retirement as follows:

- by the lower of 5% or the rise in the Index (see 'Definitions') for pensionable service from 1 January 2006; and
- by a fixed rate of 5% for any pensionable service prior to 1 January 2006.

Please note: If you have a Guaranteed Minimum Pension (GMP) (see 'Definitions') as the result of a transfer in, this part of your deferred pension will be 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.

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

The transfer value represents the cost of securing your pension entitlement in the Scheme, using rates provided by our Actuary at the date of calculation. 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 only take a refund of your own contributions to the Scheme (usually with interest), 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 membership relating to benefits from any previous scheme which you have transferred 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:

- i) tax, at 20% will generally be deducted from the contributions refunded, however where the refund exceeds £10,800, tax will be deducted at 40% on the amount in excess of £10,800; and
- ii) an amount which will buy you back into the additional State Pension in respect of any contracted-out service in the Scheme.

Please note: From 6 April 2006, 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.

## **Retirement**

You don't have to leave your job in order to draw your pension. With the exception of ill-health early retirement and Protected Pension Age (see 'Definitions') retirements, any reference to retirement in this Guide includes those members who choose to receive their pension benefits and continue working, as well as those members retiring in the more traditional sense (i.e. stopping work).

### **When can I retire?**

The Scheme's NPA is 65, except for female members who left the Scheme before December 1991, whose NPA 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:

#### For service prior to 1 April 2009

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

#### For service post 1 April 2009

$1/60\text{th} \times \text{Career Average Revalued Earnings} \times \text{Pensionable Service}$

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 50 even if you choose to continue working. However, from 6 April 2010, you may only take your pension benefits before age 55 if you are retiring on the grounds of ill-health, or have a 'Protected Pension Age' **and** have left your current employment. Your pension will be calculated as shown above but will then be reduced to allow for the fact that:

- you will have been a member of the Scheme for a shorter time; and
- pensions paid early are expected to be paid for longer.

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 NPA.

If you left the Scheme on or after 1 December 1991 and retire at age 60 or later, your pension (excluding AVCs) for pensionable service before 1 October 2006 (if any) will not be reduced for early payment before 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 65. Please note: These figures are only provided as examples.

<b>Option 1</b>	<b>Option 2</b>	
<b>Full Pension</b>	<b>Maximum Lump Sum</b>	<b>Reduced Pension</b>
£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	£ 9,650 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 65.

### **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 from 6 April 2010, those members with a 'Protected Pension Age' 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 Defined Benefit Team at The Pensions Trust.

Please note: This should not be confused with the right of members who left on or after 1 December 1991 to have their pre 1 October 2006 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.

Your pension from the Scheme at age 65 will be increased by a late retirement factor, and you will receive additional benefits based on your pension accrual past age 65. If calculating all your benefits using the normal Scheme formulas produces a higher pension, you will be entitled to that higher amount.

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

### **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 earned up to 31 March 2009 will be calculated based on your pensionable service up to that date and your final pensionable earnings (see 'Definitions').

Your pension earned from 1 April 2009 onwards will be calculated based on your Career Average Revalued Earnings and pensionable service up to the date of early retirement, plus half of the pensionable service you would have completed between the date of retirement and age 65.

There will be no reduction for early payment.

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

The Trustee 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 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 contributing to the Scheme as required by your employer, the benefits are:

#### Lump Sum

- four times your pensionable earnings at the date of your death; and
- a refund of your own contributions, with interest.

#### Survivor's Pension

- 50% of the pension you would have received calculated on full pensionable service to age 65 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 age 65 and your pensionable earnings at the date of your death, 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.

#### 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, calculated on the value of your deferred pension at the date of your death, would be paid to each of up to four dependent children.

### **What happens if 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 PCLS and including increases in your pension).

#### Children's Pension

- 12.5% of your pension (calculated on your full pension before you took any PCLS and including increases to your pension) would be paid to each of up to four dependent children.

### **Important notes**

- Under the Scheme rules, the widow's or widower's 'Reference Scheme' pension (for any member's service from 1 April 2001), must be paid to a legal spouse or civil partner, if you have one, at the date of your death. The same applies to any GMP or Reference Scheme pension relating to previous pension rights transferred into the Scheme.

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

- If your partner or survivor is more than 10 years younger than you, the pension will be reduced by 2.5% for each whole year in excess of 10 that he/she is younger than you.
- 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.

- The survivor's and children's pensions described above will apply if you left pensionable service on or after 1 October 1985. If you left before this date, please contact the Defined Benefit Team at The Pensions Trust for details of benefits payable on your death.
- Children's pensions will be doubled if:
  - no survivor's pension is paid; or
  - dependent children are orphans 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 your nomination(s) 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 (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 shortly after either your date of retirement, or the date The Pensions Trust receives the appropriate forms, if later. Thereafter pensions are paid quarterly in advance, on the 6 January, April, July and October. They will be paid direct to your bank, building society or Giro account.

Please note: Your pension is taxable and if any tax is due it 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 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 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 earned prior to 1 April 2009 will increase by the lower of 5.5% and the Retail Prices Index (see 'Index' in 'Definitions').

The whole of your pension earned post 1 April 2009 will increase by the lower of 2.5% and the rise in the Consumer Prices Index (see 'Index' in 'Definitions').

#### **After State Pension Age –**

- The GMP part of your pension, if you have one as a result of transferring in previous benefits, is guaranteed to increase each year by the rise in the Index. This increase is paid partly by the State and partly by the Scheme.
- Any pension (in excess of the GMP) earned up to 1 April 2009 will increase by the lower of 5.5% and the rise in the Retail Prices Index.

Any pension in excess of the GMP earned post 1 April 2009 will increase by the lower of 2.5% and the rise in the Consumer Prices Index.

Please 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 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 and before then you will not 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 (IFA).

### **How much can I pay?**

From 6 April 2006 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 6%, this will give you scope to pay up to a further 94% 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'.

### **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 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 money purchase 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.

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

### **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.

### **How can I find out more?**

A separate booklet providing further information about AVCs is available on request from the Defined Benefit Team at The Pensions Trust (see page 1 for contact details). This can also be found on The Pensions Trust's website [www.thepensionstrust.org.uk](http://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 proportionately reduced, relative 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?

#### The first 39 weeks

For babies due on or after 1 April 2007, you are entitled to up to 39 weeks' scheme membership regardless of whether you receive pay during this period.

If you are receiving pay from your employer, contributions should be deducted from this as your usual percentage rate, but only on the actual pay you receive. Your contributions may therefore be lower than normal.

Your employer is required to pay its full contribution, i.e. as though you were working normally, **plus** any shortfall in your contribution. Therefore in cases where you receive no pay, your employer must pay the full combined (member plus employer) contribution.

Please note: If you return to work before 39 weeks' absence, your normal contributions must resume immediately.

#### Weeks 40 – 52

During this period, unless you are still receiving pay from your employer, no contributions are due and no benefits will accrue.

#### Return to work

Your employer should resume deducting contributions as normal.

If you wish to pay arrears of contributions to cover any period of unpaid maternity leave, your employer has discretion over whether or not to pay its contributions. Please note: If your employer declines to pay, you may, if you wish, pay the employer's share. If anything less than the full amount is paid,

pensionable service will be adjusted to reflect the proportion of the full contributions that has been paid.

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 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 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.

The conditions above regarding contributions during paid and unpaid family leave will also apply to members with babies due or after 3 April 2011 who qualify for additional paternity leave.

### **What if I am absent from work?**

Your contributions will continue as normal with no break in your pensionable service, provided you are still receiving full pay, for up to 12 months.

Where your absence lasts for less than 12 months and your pay reduces, your contributions and the pensionable service you are earning in the Scheme will also reduce proportionately. If your pay stops, your contributions and pensionable service will stop.

When you return to work you will have the option to pay the contributions missed. If you opt to do so, your employer may, at its discretion, also choose to pay the employer contributions missed.

If both you and your employer pay full contributions, pensionable service will be unbroken for the period of absence. (Please note: Should your employer decline to pay arrears, you may, if you wish, pay the employer's share to provide full service.)

If anything less than the full amount is paid, pensionable service will be adjusted to reflect the proportion of the full contributions that has been paid.

Should you choose not to pay the contributions missed, you will not accrue any pensionable service 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.

After 12 months' absence you will be treated as a leaver, as described in the 'Leaving' section of this booklet.

## **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 a unique organisation and, as such, it is directly answerable to its members – the employers who choose its pension schemes and the active, pensioner and deferred members who belong to these schemes. The Pensions Trust is **not** an insurance company.

### **Scheme registration**

From 6 April 2006, 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**

If you retire after 5 April 2006, 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 both the Lifetime and Annual Allowances 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.

RNCB has taken the decision to retain an 'earnings cap' in relation to benefits which were earned in the Scheme before 6 April 2006, although this is no longer a legal requirement. The cap is set at £129,600 for the tax year 2011/12 and this is the maximum earnings figure which will be used when calculating Scheme benefits. The earnings cap will be reviewed each year.

From 6 April 2006 onwards, the pensionable earnings used in determining your pension contributions and Scheme benefits will be unrestricted.

Please note: If you joined (or were deemed to have joined) the Scheme before 1 June 1989, your entire Scheme benefits will be calculated using your unrestricted earnings.

### **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 Trustee Company, Verity Trustees Ltd, has 13 Directors, including an Independent Chair, and is responsible for all policy matters and for ensuring that The Pensions Trust operates lawfully and within the provisions of the formal Trust Deed and Rules. Six Directors are elected by the members and

pensioners of The Pensions Trust, and six are elected by the participating employers.

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

### **The State Pension 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. Retirement ages for both men and women will increase to age 66 for retirement from April 2020 onwards with further rises to ages 67 for retirement from April 2036 and 68 for retirement from April 2046.

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 contribute to the Scheme.

Please note: This will only apply to any pensionable service in the Scheme since 1 April 2001 as this is when RNCB chose to contract-out.

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

### **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 RNCB Defined Benefit 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 Defined Benefit Team at 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 Pensions 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 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.

### **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 [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk) under the 'General Literature' section of the 'Document Library'.

### **Termination**

While RNCB intends to continue the Scheme indefinitely it reserves the right to amend or discontinue the whole, or 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.

### **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 NPA or receive an ill-health pension (regardless of your age).
- 90% of the expected scheme pension for all other members, subject to a current (2008/09) maximum of £27,770.72 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' pension.
- Pension earned from 6 April 1997 will increase each year in line with the Index up to a maximum of 2.5%. Pension relating to service 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.

## **Complaints**

In the first instance, complaints/disputes should be referred to the Pensions Administration (DB) Manager who is responsible for your pensions administration at The Pensions Trust.

### **Complaints procedure**

If you are dissatisfied you may at any time write to the Head of Operations who will attempt to resolve the issue.

If you fail to get satisfaction from the Head of Operations, you may request a formal resolution from the Chief Executive. A decision should be provided within two months of your formal request.

If you remain unhappy or disagree with the formal resolution from the Chief Executive, within six months of the above 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 7000  
Email: [enquiries@pensionsadvisoryservice.org.uk](mailto: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 Office of the Pensions Ombudsman  
11 Belgrave Road  
London SW1V 1RB  
Telephone: 020 7630 2200  
Fax: 020 7821 0065  
Email: [enquiries@pensions-ombudsman.org.uk](mailto: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](mailto:customersupport@thepensionsregulator.gov.uk)

## **Definitions**

### **Annual Allowance**

The Annual Allowance came into effect on 6 April 2006 and has recently reduced to £50,000 for the tax year 2011/12. The 'pensions input period' for the Scheme runs from 1 April to 31 March each year.

If the amount by which the value of your pension benefits increase in any one year (known as the 'input value' – explained below) exceeds the Annual Allowance, you will be liable for an 'Annual Allowance tax charge', even if your contributions are less than 100% of your earnings. This tax charge is payable (through self-assessment) at your marginal rate of tax. It is possible to 'carry forward' unused allowance from the previous three years, please contact customer services for more information.

In defined benefit schemes (such as the RNCB Defined Benefit Scheme), 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 multiplied by 16.

The input value does not take account of transfers into the Scheme or debits or credits from pension sharing arrangements following divorce.

You will be responsible for reporting any excess growth on your annual tax self-assessment return and also for paying the Annual Allowance tax charge. If you are concerned about this we recommend that you seek independent financial advice. The Pensions Trust will, on request, supply you with information on the increase in the value of any pension rights held with us.

### **AVCs**

Additional Voluntary Contributions (AVCs) is the name given to any contributions you pay above your 'normal' contributions to the Scheme.

**Benefits**

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

**Career Average Revalued Earnings**

is the sum of each year's total pensionable earnings (commencing with the period 1 April 2009 to 31 March 2010). The pension earned in each year will be increased as follows:

- by the Retail Prices Index (up to a maximum of 5%) that follows in each subsequent year before retirement;
- revaluation under the rules is for complete Scheme years – April to the end of March, effective from April each year; and
- earnings from April to your retirement date in the year you retire, and in the one year up to that April, are not increased. This is because, under the rules, a year's inflation has to occur after each April before your benefit is increased.

**Deferred pension**

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

**Final pensionable earnings**

is the higher of your last year's pensionable earnings and the annual average pensionable earnings over any consecutive 36-month period in the last 10 years' of pensionable service. An earnings cap, as described under 'Benefit limits' on page 18, will apply in relation to benefits accrued before 6 April 2006 should your final pensionable earnings exceed this figure.

**GMP**

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 SERPS, for pensionable service before 6 April 1997. The Scheme pays a GMP to you or (following your death) your legal spouse or civil partner, as part of the Scheme pension, to replace SERPS. See also page 19.

Please note: As the Scheme became contracted-out from April 2001, you will only have a GMP if you have transferred into the Scheme from a previous scheme.

**Index**

is the Retail Prices Index (RPI), or any replacement index prescribed as the measure of price inflation.

**Lifetime Allowance**

Due to changes introduced by the Finance Act 2004, from 6 April 2006 each individual in the UK is allowed to accumulate pension benefits up to a value of £1.8m (the limit for the 2011/12 tax year) without incurring tax charges. This limit will reduce to £1.5m for the tax year 2012/13 onwards.

Each year your benefit statement from the RNCB Defined Benefit Scheme 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 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 IFA as to your best course of action.

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

### **NPA**

Normal Pension Age (NPA) is age 65 for payment of unreduced Scheme benefits. Female members who left the Scheme before 1 December 1991 have a NPA of 60.

### **Pensionable earnings**

means your earnings shown on your P60.

### **Pensionable service**

is your period of Scheme membership in years and completed months.

### **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.

### **Reference Scheme test**

To contract-out of the additional State Pension, as the Scheme has since 1 April 2001, the Scheme must provide benefits at least equal to the Reference Scheme (as defined by legislation for contracting-out purposes). See also page 19.

### **RNCB**

means the Royal National College for the Blind.

### **The Scheme**

is the Royal National College for the Blind Defined Benefit Scheme.

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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email: [enquiries@thepensiontrust.org.uk](mailto:enquiries@thepensiontrust.org.uk)  
or visit [www.thepensiontrust.org.uk](http://www.thepensiontrust.org.uk)