



A Guide for Members

The CARE Scheme
Defined Benefit 80ths and 100ths



The Pensions Trust



The CARE Scheme (the 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 defined benefit (DB) 80ths and 100ths structures of the Scheme provide benefits related to your total earnings for the period of your membership in the Scheme.

The Scheme is administered by The Pensions Trust, which is the leading provider of pensions in the voluntary and not-for-profit sector.

This booklet provides general information about the DB structures of the Scheme. It provides general guidance only and it should not be regarded as a complete or authoritative statement on the formal Trust Deed and Rules.

It is provided to all members and (on request) prospective members.

A separate booklet 'A Guide for Members - Defined Contribution' provides details about the defined contribution (DC) structure of the Scheme which was introduced from 1 April 2011.

In the first instance, if you have any general enquiries about joining please contact the person designated by your employer.

Should you have any other queries or require further clarification or detailed information about your own benefits you should contact:

The CARE Scheme
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Tel: 0113 394 2553
Email: enquiries@thepensionstrust.org.uk

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Joining the Scheme

Can I join the Scheme?

Yes, if your employer has agreed to offer this Scheme, you may join by completing an Employee Application Form which you can request from your employer. Please note the upper age limit is 64 and you may have to complete a minimum period of service (specified by your employer) before membership is permitted.

When can I join?

You can join on the first day of the month on which the above conditions are fulfilled. If you do not join within one year of becoming eligible, you can only join with the agreement of your employer and the Trustee, and subject to a minimum of three months' service unbroken through illness.

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

How much do I pay?

The amount you pay (your normal contributions) depends on your age and will be recalculated each year on 1 April (unless your employer has agreed a different date). Please see the tables below.

For the DB 80ths structure of the Scheme, the calculation each year is:

- Age (at the agreed date) in complete years divided by ten.

For example, if you are 35 your contribution rate would be 3.5% of your earnings.

For the DB 100ths structure of the Scheme, the calculation each year is:

- Age (at the agreed date) in complete years divided by ten, minus 1.

For example, if you are 35 your contribution rate would be 2.5% of your earnings.

However, the actual cost to you is substantially less because:

- Contributions are deducted automatically from your salary each month before tax is calculated. This means that you do not pay tax on your contributions.
- As a member of the DB 80ths structure of the Scheme, your employment is contracted-out of the additional State Pension (known as Second State Pension) and both you and your employer will pay lower National Insurance Contributions.

How much does my employer pay?

The Trustee Board has set the contribution rate for employers at 10% of each member's gross earnings for the DB 80ths structure. For the DB 100ths structure, the contribution rate for employers is 8.5% of each member's gross earnings.

The Trustee may need to adjust the contribution rates for the DB structures should the Trustee receive actuarial advice, stating that the contribution rates need to change. This advice would ordinarily be provided as part of the Scheme's triennial valuation.

Each employer participating in the DB 80ths structure will also contract-out of the additional State Pension (known as the State Second Pension) and thereby pay lower National Insurance Contributions.

Monthly cost example - CARE DB 80ths structure (member paying 3.5%):

Annual salary	£10,000	£15,000	£20,000
3.5% monthly contributions	£29.17	£43.75	£58.33
20% tax relief*	(£5.83)	(£8.75)	(£11.67)
National Insurance rebate*	(£6.60)	(£13.26)	£19.93
Actual monthly cost to you	£16.74	£21.74	£26.73

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

Monthly cost example - CARE DB 100ths structure (member paying 2.5%):

Annual salary	£10,000	£15,000	£20,000
2.5% monthly contributions	£20.83	£31.25	£41.67
20% tax relief*	(£4.17)	(£6.25)	(£8.33)
Actual monthly cost to you	£16.66	£25.00	£33.34

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

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 pension for you in the Scheme, on a basis agreed by the Actuary.

Please note that transfers into either of the DB structures of the Scheme will not be accepted with effect from 1 April 2011. This measure is intended to protect the Scheme and many other private sector pension schemes have taken the same step. Any transfer 'in progress' at 1 April 2011 will be allowed to proceed but strict time limits will be applied to the member decision making process.

If you would like to consider a transfer of previous benefits, you should write to The Pensions Trust providing details of your previous scheme.

Your decision as to whether or not to transfer previous benefits should not affect your decision about joining the Scheme.

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

Leaving

What happens if I leave the Scheme?

If you leave the Scheme, this will normally be because you change jobs. You may also leave the Scheme and continue to work for your employer by giving one month's written notice. In this case you can only rejoin the Scheme if your employer and the Trustee agree to you doing so (and you may be offered membership of a different structure). In both cases, you can choose to:

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

Deferred pension

Your deferred pension is calculated at your exit date in the same way as described in the 'Retirement' section of this booklet. The pension from your total Revalued Career Earnings will be revalued under the rules by the rise in the Pensions in Deferment Index (limited to 5% each year in respect of benefits that build up from 1 April 2011) (see 'Definitions') until you retire. A detailed worked example is provided in 'Further Information.'

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

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 Pension Plan) at any time after you leave the Scheme, but before you take your pension.

The amount transferred will be the cash value of your deferred benefits, calculated as the best estimate of the cash sum required to be invested in the Scheme to reproduce your benefits. You will need to consider carefully whether such a transfer is in your own best interests.

Refund of your contributions

You may **only** take a refund of your own contributions to the Scheme (with interest) and only if you have less than two years' qualifying service. (Qualifying service includes your period of membership of this Scheme and other schemes of The Pensions Trust, plus 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:

- tax will be deducted at a rate of 20% (or 50% on any refund amount in excess of £20,000); and
- an amount which will buy you back into the additional State Pension (known as State Second Pension) - this only applies to refunds from the DB 80ths structure.

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.

Retirement

When can I retire?

The Normal Pension Age (NPA) under the Scheme is 65. This is fixed even if you retire from your job at a different age.

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 in the DB 80ths structure from NPA will be calculated as:

- 1/80th (or 1.25%) of the total Revalued Career Earnings, for example:

Gross Earnings Annual Pension

£8,000	× 1/80	£100
£16,000	× 1/80	£200
£24,000	× 1/80	£300

This calculation is repeated for every year that you have been a member of the Scheme. If you had been in the DB 80ths structure of the Scheme for 20 years **earning £16,000** each year, before revaluing for inflation which is dealt with next, your pension would be:

- 20 years × £200 = £4,000 a year

Your pension in the DB 100ths structure from NPA will be calculated as:

- 1/100th (or 1%) of the total Revalued Career Earnings, for example:

Gross Earnings Annual Pension

£8,000	× 1/100	£80
£16,000	× 1/100	£160
£24,000	× 1/100	£240

This calculation is repeated for every year that you have been a member of the Scheme. If you had been in the DB 100ths structure of the Scheme for 20 years **earning £16,000** each year; before revaluing for inflation which is dealt with below, your pension would be:

- 20 years x £160 = £3,200 a year

The pension you earn for each year will be increased as described in the next section.

What about inflation?

The pension you build up from your earnings each year is increased before retirement:

- by the rise in the Pensions in Deferment Index (limited to 5% each year in respect of benefits that build up from 1 April 2011) 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.

For example, if price inflation is 5% for two years and if you have already accumulated £1,200 pension, that pension will increase before retirement by:

$$£1,200 \times 1.05 \times 1.05 = £1,323 \text{ annual pension}$$

A detailed worked example is provided in 'Further Information'.

Can I retire early?

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

Can I take a cash 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 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.

Flexible retirement

In most cases members are able to take part of their pension whilst continuing to work and should they wish to, accrue further pension benefits. Exceptions to this are ill-health retirements, and those 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 Pensions Trust.

Are there any other options?

You may surrender part of your pension to provide a pension or extra pension for a dependant. Details will be provided on request.

Can I contribute after NPA?

Yes, you can continue to contribute up until your 75th birthday, at which point you must start to receive your pension even if you continue to work.

The full range of death benefits continues to apply after NPA.



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.

In this case your pension will be calculated in the same way as for normal retirement using:

- the pension for your total Revalued Career Earnings up to the date of your ill-health retirement; plus

- extra pension calculated on unchanged final earnings for full potential service to age 65.

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

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 your pension would not be reduced for early payment, but it would not be enhanced to age 65 as described above.

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.

Option 1	Option 2	
Full Pension	Maximum Cash Lump Sum	Reduced Pension
£5,000 a year	£23,885.78	£3,582.88 a year
£10,000 a year	£47,771.56	£7,165.76 a year
£15,000 a year	£71,657.34	£10,748.60 a year

Death Benefits

What happens if I die before retiring?

If you die before retirement while still employed and contributing to the Scheme, the benefits are:

Lump sum

- refund of your own contributions with interest; and
- three times your annual final earnings.

Survivor's pension

- 50% of the pension you would have received based on your total Revalued Career Earnings up to your date of death, plus 50% of the pension you would have built up calculated on unchanged final earnings for full potential service to age 65.

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 any contributions you may have paid, with interest.

Survivor's pension

- 50% of the pension you would have received based on your Revalued Career Earnings at the date of death.

Important notes:

- If your survivor or partner is more than ten years younger than you, the survivor's pension will be reduced by 2.5% for each year in excess of ten that your survivor is younger than you (this reduction does not apply if the survivor's pension is paid to a child).
- If you also have benefits in other schemes of The Pensions Trust, benefits from those schemes will be payable under the rules of those schemes.

What happens if I die after retiring?

If you die after retirement the benefits are:

Lump sum

- If you die within five years of retiring then a lump sum is paid. The balance of any unpaid pension for the period of five years from retiring will be paid at the current rate of pension payable 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 to your pension since retirement).

Nominations

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

Who gets what?

Lump sum

- You can nominate one or more persons or organisations.
- If you choose more than one, you must state how much each person or organisation will receive.
- You must complete a Nomination Form stating who you would like to receive the lump sum.
- You should not use the words 'Executor' or 'Estate' for your nomination, but the proper names of persons or organisations.

Survivor's pension

- your spouse or civil partner; or
- a child who is disabled and is unable to earn a living; 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 under 'Important notes'; or
- anyone who lives with you and shares living expenses; or
- anyone who is largely financially dependent on you.

Important notes

- Except for legal spouses and civil partners, it will be necessary for the administrator to receive confirmation that the nominee for a survivor's pension is eligible at the date of the member's death.
- Under the rules of the Scheme, a 'child' is:
 - 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.

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 funds, if later. Thereafter pensions are paid quarterly in advance, on 6 of January, April, July, October. They will be paid direct to your bank account, building society account or Giro account.

If tax is due on the pension then 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 Pensions in Payment Index in the January of the same year.

Pensions from CARE receive the full rate of increase on the whole pension commencing on the first 6 April after the pension has started.

Previous scheme benefits

If you have transferred-in benefits from previous contracted-out service:

- After State Pension age any GMP (see 'Definitions') part of your pension is guaranteed to increase each year by the rise in the Retail Prices Index (RPI). This increase is paid partly by the State and partly by the Scheme.
- The rest of your pension is guaranteed to increase each year by LPI.

The above increases, if you have a GMP, are adjusted if your retirement is before or after State Pension age. This is because there are different arrangements for increasing any GMP element before or after State Pension age.

Boosting your Pension - Additional Voluntary Contributions (AVCs)

Should I pay AVCs?

Firstly, remember that these contributions are for extra provision for retirement. You should not pay them if your circumstances are such that you cannot afford to wait until retirement to have access to your contributions.

If you earn £130,000 or more and you are considering making additional payments before 6 April 2011, restrictions may apply. Please contact The Pensions Trust if this affects you.

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 didn't have access to a pension scheme.

The decision whether to pay AVCs is yours and you may wish to discuss this with an Independent Financial Adviser.

Who do I pay AVCs to?

You can pay them to The Pensions Trust or to an alternative pension provider of your choice. Your employer will be able to advise you of the options available if you wish to pay AVCs into a fund with The Pensions Trust.

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 thereby 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.

What do 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 payable from the same date as your main scheme benefits.

Can I take my AVCs as cash?

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

How can I find out more?

A separate booklet giving further information about AVCs is available on request from The Pensions Trust.

What if...

What if I work part-time?

It does not matter how many hours you work because your pension is calculated from your actual gross earnings.

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

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 your pay at 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 the 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.

The full range of death benefits will continue to apply during periods of paid and unpaid maternity leave.

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. Your benefits will reflect the actual proportion of the full contributions that has been paid.

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.

What if I am absent from work?

If you are off work due to illness or injury, or any other absence agreed by your employer, for up to 12 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.

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, you will have full benefits 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 benefits.)

If anything less than the full amount is paid, your pension benefits will reflect the proportion of the full contributions that have been paid.

Should you choose not to pay the contributions missed, you will not accrue any benefits for that period.

The full range of death benefits will continue to apply during periods of absence of up to 12 months.

Further Information

Revaluation of pension – examples

If your Gross Earnings and Prices Inflation are the same as the relevant Scheme Years shown in Table 'A' below, then the Basic Pension earned would be revalued before retirement as shown in Table 'B' below.

Table 'A' – Example Data

How the CARE DB 80ths pension builds up and is increased before retirement

Scheme Years April – March	Gross Earnings	Basic Pension 1/80th of Earnings	Prices Inflation April – March
Year 1	£6,000 × 1/80 (6 months only)	£75.00	n/a
Year 2	£12,000 × 1/80	£150.00	3.0%
Year 3	£12,400 × 1/80	£155.00	3.5%
Year 4	£12,800 × 1/80	£160.00	2.5%
Year 5	£13,440 × 1/80	£168.00	3.6%

Table 'B' – Revalued Pension (Compound Interest)

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£75.00	× 1.03	× 1.035	× 1.025	× 1.036	= £84.90
+ Year 2		£150.00	× 1.035	× 1.025	× 1.036	=£164.86
		+ Year 3	£155.00	× 1.025	× 1.036	=£164.59
			+ Year 4	£160.00	× 1.036	=£165.76
				+ Year 5	(not revalued)	=£168.00
						Retirement after the end of Year 5 = Total Revalued Pension = TOTAL £748.11
						• Pension for Year 6 up to retirement date will be added

Revaluation of pension – examples

If your Gross Earnings and Prices Inflation are the same as the relevant Scheme Years shown in Table 'A' below, then the Basic Pension earned would be revalued before retirement as shown in Table 'B' below.

Table 'A' – Example Data

How the CARE DB 100ths pension builds up and is increased before retirement

Scheme Years April – March	Gross Earnings	Basic Pension 1/100th of Earnings	Prices Inflation April – March
Year 1	£6,000 × 1/100 (6 months only)	£60.00	n/a
Year 2	£12,000 × 1/100	£120.00	3.0%
Year 3	£12,400 × 1/100	£124.00	3.5%
Year 4	£12,800 × 1/100	£128.00	2.5%
Year 5	£13,440 × 1/100	£134.00	3.6%

Table 'B' – Revalued Pension (Compound Interest)

Pension	End of Year 1	End of Year 2	End of Year 3	End of Year 4	End of Year 5	Total
Year 1	£60.00	× 1.03	× 1.035	× 1.025	× 1.036	=£67.92
+ Year 2		£120.00	× 1.035	× 1.025	× 1.036	=£131.89
		+ Year 3	£124.00	× 1.025	× 1.036	=£131.68
			+ Year 4	£128.00	× 1.036	=£132.61
				+ Year 5	£134.40	=£134.40
• Retirement after the end of Year 5 = Total Revalued Pension = TOTAL						£598.50
• Pension for Year 6 up to retirement date will be added						

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 a not-for-profit organisation. It is not an insurance company.

Data Protection Act 1998

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, 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.

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

Scheme registration

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

Benefit limits

There are no limits on the pension benefits you can receive. However, if your benefits exceed the Lifetime Allowance (see 'Definitions'), tax charges will apply to the excess.

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.

Leaving the Scheme

A transfer value can be paid to another scheme or pension contract at your request. The transfer value represents the cash value of your deferred benefits in The CARE Scheme, using rates provided by our Actuary at the date of calculation. A Statement of Entitlement for a guaranteed cash equivalent transfer value of your benefits will be provided on request at any time.

The State Pension Scheme and contracting-out

The State provides pensions on two levels:

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

Basic State Pension

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

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

Additional State Pension

Before April 2002, the additional State Pension was known as SERPS – the State Earnings Related Pension Scheme. From April 2002, it is the State Second Pension (S2P).

Contracting-out

If you are a member of the DB 80ths structure of the Scheme your employment is contracted-out of the additional State Pension (known as the State Second Pension) and as a result you will pay lower National Insurance Contributions. The minimum level of pension to be provided by a contracted-out scheme is determined by a statutory 'Reference Scheme' test. For pensionable service before April 1997, a GMP has to be provided. You may have a GMP if you have transferred in benefits from a previous scheme (see 'Definitions' for further information on GMPs and the 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
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Reference: 10170418

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

Rights, obligations, limitations

The rights and obligations of members of The CARE Scheme are set out in the Trust Deed and Rules, 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, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules 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.

Pension Protection Fund (PPF)

- 1 The PPF is a fund designed to protect members' rights under company defined pension schemes should the employer become insolvent.
- 2 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.
- 3 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 (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.
 - 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% each year. Pension relating to the service before 6 April 1997 will not be increased under the PPF.
- 4 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 in point 3 above.
- 5 Multi-employer schemes (such as The CARE Scheme) will only be admitted to the PPF if all the participating employers become insolvent, or if the PPF believes it is very likely that all of the employers are unlikely to continue as going concerns.

Annual Report & Financial Statements

Members receive a summarised version of the Annual Report and Financial Statements each year, but are entitled to the full version on request. A copy can be downloaded from The Pensions Trust's website at www.thepensionstrust.org.uk

Complaints

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

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

Disputes – Formal Resolution

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

Appeal

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

The Pensions Advisory Service (TPAS)

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

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Tel: 0845 601 2923
Fax: 020 7592 7000
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
Tel: 020 7630 2200
Fax: 020 7821 0065
Email: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator

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

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
East Sussex
BN1 4DW
Tel: 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 to secure extra benefits.

Annual Allowance

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

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

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

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

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

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

If you should die, become entitled to a serious ill-health lump sum, or retire on the grounds of ill-health where you are not likely to work again,

then the input value of the tax year in which the event occurs will not count towards the Annual Allowance.

Benefits

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

Deferred Pension

If you leave the Scheme before you retire and leave your pension in the Scheme, this pension becomes known as a deferred pension.

Earnings

means your full gross taxable pay, including all overtime, shift-pay, bonuses and any other monetary allowance or special payments.

Exit Date

means the latest date on which you are treated under the rules as being in pensionable service – normally the date of leaving the Scheme, retirement or death.

Final Earnings

means the better of your:

- earnings for your final 12 months up to exit date; or
- earnings in the year ending on the day before any reduction or suspension of earnings because of illness or injury, revalued under the rules if appropriate.

Guaranteed Minimum Pension (GMP)

is that part of your pension, or your legal spouse's or civil partner's pension, which represents the equivalent of the State Earnings Related Pension (SERPS), for pensionable service 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 'Contracting-out' on page 15.

Please note: You may have a GMP if you have transferred in benefits from a previous scheme.

Lifetime Allowance

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

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

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

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

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

Limited Price Indexation (LPI)

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

Normal Pension Age (NPA)

is age 65 for benefits unless a different age has been agreed by your employer.

Pensionable Service

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

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 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

The Scheme must provide benefits at least equal to the Reference Scheme (as defined by legislation for contracting-out purposes).

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 retirements after 5 April 2010, 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).

Revaluation

means the percentage increase in the Index in the year up to the revaluation date.

Revaluation Date

means 1 April each year.

Revalued Career Earnings

- earnings from the latest April up to exit date; plus
- earnings for the 12 months before that April; plus
- previous accumulated revalued earnings.

Revalued Earnings

Earnings in one scheme year are revalued in line with inflation in subsequent scheme years, according to the rules, for the purpose of calculating your pension. For example, your earnings/pension in Scheme year one will be revalued at the end of Scheme year two. A detailed worked example is provided in 'Further Information.'

Scheme Year

means for the purpose of revaluation, the year from 1 April to 31 March.

The Scheme

is The Pensions Trust's Career Average Revalued Earnings (CARE) Scheme.

These definitions are provided as a summary. Please see formal **Trust Deed and Rules**, as appropriate for further clarification. The Trust Deed and Rules can be found on our website at www.thepensiontrust.org.uk

Document Library > General Literature > Trust Deed & Rules.



The Pensions Trust

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