

# Reasons to Join

CARE Scheme



The Pensions Trust



## Benefits of the Scheme

### What is CARE?

CARE stands for 'Career Average Revalued Earnings'. The CARE Scheme provides a pension calculated from your earnings throughout your membership of the Scheme, with those earnings revalued every year to offset the effects of inflation. The CARE 'A Guide For Members' booklet provides further details.

### Reasons to Join the CARE Scheme

- Your employer will contribute towards your retirement
- It costs less than you think
- The amount of tax and National Insurance you pay will be reduced
- Your pension will be calculated fairly
- Your pension will grow
- You benefit from any surplus
- You can opt for a tax-free lump sum when you retire
- Your pension is guaranteed to increase during retirement
- You may retire early
- You will provide security for your family
- Your money will be in safe hands

### The Benefits

- **Your employer will contribute towards your retirement** – your employer is offering you the chance to join the CARE Scheme and will contribute to the Scheme at the rate of 10% of your earnings whilst you are a contributing member.
- **It costs less than you think** – you pay an age-related contribution rate, calculated using your age divided by ten. This contribution rate starts at the age you are when you join CARE and is then increased annually. For example: a member aged 35 would pay a contribution rate that year of 3.5%.
- **The amount of tax and National Insurance you pay will be reduced** – your contributions to CARE are deducted from salary before tax is calculated. Additionally, you pay lower National Insurance contributions because CARE is contracted-out of the additional State Pension (known as the State Second Pension).
- **Your pension will be calculated fairly** – your pension will be based on your actual gross earnings for each year you are a member of CARE. You will receive 1/80<sup>th</sup> of your revalued gross earnings for each year of membership.

- **Your pension will grow** – as your pension builds up each year, it will increase in line with the Retail Prices Index (RPI). This continues up until retirement, even if you choose to leave the Scheme.
- **You benefit from any surplus** – any surplus monies generated from investment over and above that which is needed to provide CARE benefits will be used to enhance your retirement benefits through a separate account in the Flexible Retirement Plan, also administered by The Pensions Trust. Any surplus will be distributed to all members of the Scheme.
- **You can opt for a tax-free lump sum when you retire** – you can opt for a lump sum when you retire – you can choose to receive a lump sum of up to 25% of the value of your total pension including any additional benefits from the surplus. Your pension would then be reduced to reflect this payment.
- **Your pension is guaranteed to increase during retirement** – during retirement your pension is guaranteed to increase in line with RPI up to a maximum of 2.5%.
- **You may retire early** – your pension can be paid early – you can receive your pension from age 50 if you take it before 6 April 2010. From 6 April 2010 the minimum age rises to 55. You may take your pension at any time if you are ill and unable to work again in any capacity.
- **You will provide security for your family** – a pension on your death as a contributing member, is payable to your survivor, of 50% of your prospective pension at age 65. A lump sum benefit of three times your final earnings is also payable to your nominated beneficiary. A pension of half your own pension is payable to your survivor if you die after you have left the Scheme or retired.
- **Your money will be in safe hands** – your employer has chosen a pension scheme operated by The Pensions Trust (a mutual organisation, accountable to its members), which specialises in providing pensions to the charitable, educational, voluntary and not-for-profit sectors. The Scheme is overseen by the democratically elected Board of the Trustee company who are responsible for the security of your benefits and ensure that your interests are properly protected.

**Should you require further information about the CARE Scheme, please contact us on 0113 394 2736 or email us at [enquiries@thepensionstrust.org.uk](mailto:enquiries@thepensionstrust.org.uk)**





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