

Appendix B

Benefit Option 2 – CARE with 1/60th accrual

How much does this option cost?

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

The total cost of providing this option is 19.9% with effect from 1 April 2008.

This cost is then split between the employers and the members as follows:

- Employers will pay 13.3%
- Members will pay 6.6%

Can I transfer previous benefits into the Scheme?

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

Deferred pension

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

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

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

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

An example of how to calculate benefits earned in this benefit option is shown in the following section.

Calculation of pension

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

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

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

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

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

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

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

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

Example:

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

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

plus

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

Table A - Example Data

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

Table B - Revalued Pension

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

What if I work part-time?

In benefit option 2 your pension is calculated each year from your actual pensionable earnings and is therefore unaffected by the number of hours you work.

Appendix C

Benefit Option 3 – CARE with 1/70th accrual

How much does this option cost?

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

The total cost of providing this option is 17.9% with effect from 1 April 2008.

This cost is then split between the employers and the members as follows:

- Employers will pay 11.9%
- Members will pay 6.0%

Can I transfer previous benefits into the Scheme?

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

Deferred pension

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

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

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

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

An example of how to calculate your benefits earned in option 3 is shown in the following section.

Calculation of pension

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

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

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

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

1/70th x total revalued career earnings.

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

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

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

Example:

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

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

plus

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

Table A - Example Data

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

Table B - Revalued Pension

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

What if I work part-time?

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