

## Section C: What benefits will I get when I retire?

### If you retire at or after normal retirement age

#### Your pension

You must complete at least 2 years' *Qualifying Service* to get a pension from the Plan, which is payable for life. Your pension will be worked out in 2 parts:

**1. For your *Reckonable Service* before 1 April 2008**

Your pension is calculated as 1/60th of your *Final Pensionable Pay* for each year of your *Pensionable Service* on or before 31 March 2008 and an additional pro-rata amount for part years of *Pensionable Service*.

plus

**2. For your *Pensionable Service* on or after 1 April 2008**

Each *Plan Year* you will build up a *Pension Block* of 1/60th of your *CSDB Pensionable Pay* over that year.

Each *Pension Block* is increased at the end of the following *Plan Year* (on the *Renewal Date*) and then again at each subsequent *Renewal Date*, for as long as you remain in *Reckonable Service*. It will be increased in line with the annual increase in the Retail Prices Index (RPI), as at the previous September, subject to a maximum of 5% and a minimum of 0% each year.

In your final *Plan Year*, you will build up a *Pension Block* of 1/60th of your *CSDB Pensionable pay* between the start of that *Plan Year* and your last day of service.

When you retire, all of the *Pension Blocks* you have built up will be added together, including any increases granted up to the previous *Renewal Date*.

The maximum combined pension you can get is equal to that calculated using a maximum of 45 years' *Pensionable Service*.

If you complete 45 years' *Pensionable Service* after 31 March 2008, you will not build up any further *Pension Blocks* once you reach 45 years' *Pensionable Service*, but, provided you remain in *Pensionable Service*, all your *Pension Blocks* will continue to be revalued up to the last *Renewal Date* before you retire or leave *Pensionable Service*.

You may also receive a pension supplement until you reach *State Pension Age*.

## Example

You are employed full-time from 1 February 1988, retire at 65 on 31 March 2013 and you have had no unpaid absence. As explained on the previous page, your pension would be worked out in 2 parts:

### 1. For Pensionable Service before 1 April 2008

Your *Final Pensionable Pay* is equal to:

Your basic salary and reckonable allowances during your last year of *Reckonable Service*\* before 31 March 2013, plus other averaged contributory allowances: £20,000

Lower Earnings Deduction -£3,328  
**£16,672**

Your *Pensionable Service* to 31 March 2008 is 20 years and 60 days

So, your annual pension for *Pensionable Service* to 31 March 2008 is:

(£16,672 ÷ 60) x 20 years, 60 days **£5,603.01**

\*assuming your salary during your last year of *Reckonable Service* is your highest salary.

### 2. For Pensionable Service on and after 1 April 2008 (in the example, this is 5 years)

Each year, your *Pension Block* is calculated as 1/60<sup>th</sup> of your CSDB Pensionable Pay (basic pay plus allowances less the *Lower Earnings Deduction*). Each *Pension Block* is increased on the *Renewal Date* at the end of each subsequent *Plan Year* after they were built up. They are then added together to give your total pension. You can see from the table below how this works, assuming that inflation in each year has been 2.5%. In practice, the actual increase at the *Renewal Date* will depend on the applicable annual increase in RPI each year.

	Year 1 2008/2009	Year 2 2009/2010	Year 3 2010/2011	Year 4 2011/2012	Year 5 2012/2013
<i>CSDB Pensionable Pay (after taking off the Lower Earnings Deduction)</i>	£14,672	£15,172	£15,672	£16,172	£16,672
<i>Pension Block</i> built up during the year	£244.53	£252.87	£261.20	£269.53	£277.87
Increase on previous <i>Pension Block</i> (at end of year)	-	£6.11 (2.5% of £244.53)	£12.59 (2.5% of £503.51)	£19.43 (2.5% of £777.30)	£26.66 (2.5% of £1,066.26)
<b>Total pension at end of year/retirement</b>	<b>£244.53</b>	<b>£503.51</b>	<b>£777.30</b>	<b>£1,066.26</b>	<b>£1,370.79</b>

So, your total pension would be:

1. Pension earned up to 31 March 2008:	£5,603.01
2. Pension earned after 1 April 2008:	+ £1,370.79
	<b>= £6,973.80</b>

The example above assumes you reached 65 on 31 March, the last day of the *Plan Year*. If, however, you are not 65 until 30 September 2013, when you retire you will have built up an extra 6 months' (183 days) worth of pension:

In this situation, in 2013/2014, your *CSDB Pensionable Pay* (after taking off the *Lower Earnings Deduction* from basic pay and allowances) between 1 April 2013 and 30 September 2013 is:

$$183/365 \times £16,672 = £8,358.84$$

$$\text{So your extra pension for this period is:} \quad 1/60 \times £8,358.84 \quad = \mathbf{£139.31}$$

$$\text{So, your total pension would be:} \quad £6,973.80 + £139.31 \quad = \mathbf{£7,113.11}$$

### Your tax-free lump sum option

On retirement, you may be able to give up part of your pension in exchange for a tax-free lump sum of up to 25% of the value of your total *Plan* benefits. Benefits resulting from your money purchase *Additional Voluntary Contributions* could form part of the tax-free lump sum, or you may buy additional pension from your *Additional Voluntary Contributions* through an insurance company of your choice. You will be given more information about how much cash you can take and the effect this might have on your pension when you get closer to retirement.

### Your pension supplement

If *Normal Retirement Age* under the *Plan* is before your *State Pension Age*, and you choose to retire and leave the *Company* at *Normal Retirement Age*, you will also receive a *Pension Supplement* that is payable up until you reach *State Pension Age*. The Pensions Service Centre can answer any further questions you may have.

### If you worked part-time

Your pension is worked out in the same way as for full-time employees, except that:

- Your *Final Pensionable Pay* (used for working out your benefits built up before 1 April 2008) is generally calculated using the full time pay for your grade, not your part time pay, less the *Lower Earnings Deduction*.
- your *Pensionable Service* counts as a proportion of full-time service.

For example, if you work 20 hours a week for 10 years and the full-time hours for the same job are 40 hours a week, your *Pensionable Service* will be halved as follows:

$$(20 \text{ hours} \div 40 \text{ hours}) \times 10 \text{ years} = 5 \text{ years' Pensionable Service.}$$

- The *CSDB Pensionable Pay* amount used to work out your benefits built up on or after 1 April 2008 is based on the actual pensionable pay and allowances you receive and not the full-time equivalent. The *Lower Earnings Deduction* (£3,328) that is taken off your actual pay when working out your *CSDB Pensionable Pay* will be reduced to reflect your part-time hours.

So, if you earned £10,000 and worked 20 hours a week, and the full-time hours for the same job was 40 hours, your *CSDB Pensionable Pay* would be:

$$£10,000 - (£3,328 \times 20/40) = £8,336$$

This is similar to the way your *Contributory Pay* is worked out.

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