



*The ITB Pension Funds*

# Old2New Section **(Open Fund) Member Booklet**

This booklet is only applicable to employees who are members of the Old2New Section of the ITB Pension Funds (Open Fund). Members of the Old2New Section are those who were previously members of the Old Section and then switched to earning benefits on a New Section basis.

Old2New  
Section

**'ITB-Online': [www.itb-online.co.uk](http://www.itb-online.co.uk)**  
**'MyITB': [www.myitb.com](http://www.myitb.com)**

## Contact Us

You may obtain further information about the ITB Pension Funds and the benefits provided by the Scheme by any of the following methods:

On our information website 'ITB-Online': **[www.itb-online.co.uk](http://www.itb-online.co.uk)**

On our interactive modelling website 'MyITB': **[www.myitb.com](http://www.myitb.com)**

By e-mail on: **[pensions@itbpen.com](mailto:pensions@itbpen.com)**

By telephoning on **01923 471699** (when busy or when outside office hours an answer service will be available to enable a message to be left so that we can return your call).

By writing to: **The ITB Pension Funds, 23 King Street, Watford, Herts WD18 0BJ.**

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# Introduction

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## Welcome

**Welcome to the ITB Pension Funds.**

**This Booklet is intended as a general guide to benefits for Members of the ‘Old2New Section’ of the Scheme. The ‘Old2New Section’ is for Members who whilst in the continuing service of their Employer switch from earning pension benefits based on Pensionable Service in the Old Section and start earning pension benefits based on Pensionable Service in the New Section of the Scheme.**

When you switched to earning New Section benefits for future service (the date of that switch is called your ‘Switch Date’), you ceased to earn Pensionable Service under the Old Section. However, your Old Section benefits for Pensionable Service earned prior to your Switch Date will continue to be calculated by reference to your Final Pensionable Salary as defined under the Old Section. However, some Old Section benefit provisions, such as death and ill-health/disability benefits, gradually phase into New Section benefits over a period of 5 years from your Switch Date.

The Scheme is set up under a Trust Deed and Rules and is administered by the Trustees. The assets of the Scheme are separate from those of your Employer to provide the greatest possible security for your benefits and are invested by independent investment managers who are appointed by the Trustees.

Your Employer participates in the Scheme in order to provide life assurance and pension benefits for you, your spouse/civil partner and your children, in addition to the benefits normally provided by the State.

As an active member of the Scheme you are currently contracted-out of S2P. The Scheme is able to do this because it satisfies a statutory test of benefit levels set out in legislation. Consequently, you currently pay a lower rate of National Insurance contributions and will not normally earn a pension under S2P whilst you are a member of the Scheme for as long as the Trustees continue to contract the Scheme out of S2P.

Every effort has been made to ensure accuracy in the text and illustrations in this Booklet which summarises the benefits of the Scheme as at the date shown at the bottom of this page. However, the Trust Deed and Rules, the formal documents which govern the Scheme and which are amended from time to time, will prevail in the event of any discrepancy with this Booklet.

Certain terms have special meanings and these are shown in italics throughout the Booklet and are defined in the Glossary at the back of this Booklet.

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# Main Benefits of the Scheme

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The Scheme provides a comprehensive and valuable range of benefits covering many situations. Pension benefits are based on your Final Pensionable Salary and the Pensionable Service you build-up.

It follows that the more Pensionable Service you build-up, the greater the amount of your eventual pension.

The main benefits that are available within the Scheme are :

- Lifetime pension of 1/60th of Final Pensionable Salary times Pensionable Service.
- Cash at retirement in exchange for part of your pension.
- Increases to pensions.
- Early Retirement options.
- Ill-Health/Disability pensions payable at any age (provided certain conditions are met)
- Lump sum and spouse's/civil partner's and children's pensions if you die whilst an active member of the Scheme.
- Death in retirement spouse's/civil partner's and children's pensions.
- A deferred pension, transfer-out or a refund of your contributions on leaving the Scheme before retirement.
- Additional Voluntary Contributions (AVC) options to further increase your benefits.

# Costs of Membership

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## Your Contributions

Unless your Employer has advised you otherwise your gross contribution to the Scheme is normally:

6% of your Pensionable Salary

You can check your contribution rate by visiting our website: 'MyITB' [www.myitb.com](http://www.myitb.com)

However, the net cost to you is considerably less than your gross contribution because you automatically receive tax relief through the payroll at the highest rate of tax you pay.

The cost is further reduced because you pay lower National Insurance contributions (because the Scheme is currently contracted-out of the State Second Pension or S2P). The National Insurance reduction is currently 1.4% of gross PAYE earnings between LEL and UEL.

Although your gross contributions are shown on your payslip, the effect of the allowances for tax relief and lower National Insurance contributions are automatically reflected in your Net Pay.

For part-timers contributions will be based on actual Pensionable Salary and not adjusted Pensionable Salary as referred to on page 34.

If your earnings are less than the current LEL then you will not qualify for a reduction in National Insurance contributions. Furthermore if your actual earnings are less than your tax allowances, you will not receive tax relief on the contributions you make to the Scheme, or to AVCs.

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## Employer Contributions

Your Employer is required to pay the balance of the cost of the Scheme. This is established by actuarial valuations carried out at least every three years.

# Costs of Membership

## Your Contributions

### EXAMPLE ILLUSTRATION

	EXAMPLE £ PER MONTH
Pensionable Salary	£ 2,333
Your gross contribution @ 6% (see page 6)	£ 140
* <u>Less</u> tax relief @ 20% (Current rate for standard rate tax payer)	<u>£ 28</u>
	£ 112
Less National Insurance reduction Currently 1.4% of **earnings above £472 per month i.e (£2,333 - £472) x 1.4%	<u>£ 26</u>
Your net cost of membership is	<u>£ 86</u>

\* If you are a higher rate tax payer you will currently receive tax relief at 40%.

\*\* Current ceiling of £3,454 per month for the 2013/14 tax year.

# Costs of Membership

## Additional Voluntary Contributions (AVCs)

In addition to the benefits you are building up as an active member of the Scheme you can pay extra pension contributions, known as Additional Voluntary Contributions (AVCs), to increase your eventual retirement benefits. In doing so you will receive full tax relief on your AVCs through the PAYE system, in the same way as you do for your standard contributions.

You can currently pay AVCs to the Scheme up to a maximum of 20% of your Pensionable Salary in any one Scheme year (1 April to 31 March), on a money purchase basis, and those AVCs will be invested in one or more of the several investment options on offer. This is on top of the standard contributions you pay to the Scheme. The Trustees of the Scheme can decide to change the maximum amount of AVCs they allow.

The benefits you earn from AVCs will stem from investing separately in special AVC funds set up by the Trustees and operated by registered AVC providers. At retirement your AVCs are used to provide additional pension or cash lump sum.

Additional information and AVC Application Forms can be found on our website: [www.itb-online.co.uk](http://www.itb-online.co.uk) or from the ITB Pension Funds Office, Watford.

**As an active member, you can also use our interactive website 'MyITB' ([www.myitb.com](http://www.myitb.com)) to model your ITB benefits together with AVCs that you pay, or might like to pay.**

If you were a member contributing to 'added service' AVCs in the Old Section you will be able to continue your payments and continue accruing additional service on that basis but you will not be able to increase your AVCs. You can, however, also pay into the money purchase AVC arrangements described above, provided your total AVCs do not exceed 20% of your Pensionable Salary.

## Other Registered Pension Schemes

You can also join – and make contributions to – other registered pension schemes outside of the Scheme's arrangements, such as a personal pension or a non-ITB AVC scheme, whilst remaining a member of the Scheme. Across all your pension schemes you can make tax-free contributions of up to 100% of your earnings in any one tax year (but see "The Annual Allowance" on page 43).



# Final Pensionable Salary

## EXAMPLE ILLUSTRATION

### New Section

When you retire or otherwise leave New Section Pensionable Service your Final Pensionable Salary will normally\* be your average Pensionable Salary in three years immediately prior to your date of leaving service.

Your New Section Final Pensionable Salary is normally worked out as follows:

Pensionable Salary	
- last complete year of service	£ 26,000
- in year prior	£ 25,000
- in year prior	£ 24,000
Total	£ 75,000

Calculation: £ 75,000 ÷ 3

Giving a Final Pensionable Salary of **£ 25,000**

### Old Section

Your Old Section Final Pensionable Salary will normally\* be your average Pensionable Salary over your final year of service.

Pensionable Salary	
- last complete year of service	£ 26,000

Giving a Final Pensionable Salary of **£ 26,000**

\* There are some circumstances where this may not be the case, which are explained under the definition of Final Pensionable Salary in the Glossary.

# Benefits at Retirement

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On retirement you will normally be able to choose the form in which you take your benefits. You may choose either:

➤ A pension for life

or

➤ A reduced pension, payable for life, plus a cash lump sum.

**You will also receive your Basic State Pension entitlement payable from your State Pension Age, provided you have made sufficient National Insurance contributions.**

There are some further points you should note:

➤ Giving up pension for cash does not affect your spouse's/civil partner's and/or children's pensions.

➤ Under current legislation the cash lump sum is tax-free, provided it does not exceed the limit set out by HM Revenue and Customs.

➤ Your pension and any spouse's/civil partner's/children's pension under your New Section membership will currently increase each year in line with the lower of the rise in the RPI and 2.5%. Whereas, the pension arising from your membership of the Old Section will currently increase each year in line with the rise in the CPI. (For some members there are exceptions to this if you retire on ill-health/disability grounds – please contact the Funds' Office for details).

➤ If you die within the first 5 years of your retirement, a lump sum will be paid to your dependants.

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## Payment of Your Pension

Pensions are paid monthly in arrears on the first of the month - direct to your bank or building society account.

If you are liable for tax, this will be deducted by the ITB Pension Funds under the PAYE system.

Your pension and any pension paid to your spouse or civil partner is payable for life and does not cease on remarriage or entering into a new civil partnership.

# Benefits at Retirement

## Your Pension at Normal Retirement Date

When you reach your Normal Retirement Date, your pension will be worked out as follows, based on your New Section Service earned since your Switch Date and your Old Section Service earned up to your Switch Date (as advised to you after switching):

**With effect from 1 September 2012, no Member shall be entitled to accrue more than 40 years' Pensionable Service.**

### EXAMPLE ILLUSTRATION

#### New Section Pension

**1/60 x your New Section Pensionable Service x your New Section Final Pensionable Salary**

Final Pensionable Salary            £ 25,000\*

Pensionable Service                    29 years

Calculation                                 $\frac{29}{60} \times \text{£ } 25,000$

Giving a New Section pension of    **£12,083pa**

#### Old Section Pension

**1/60 x your Old Section Pensionable Service x your Old Section Final Pensionable Salary**

Final Pensionable Salary            £ 26,000\*

Pensionable Service                    6 years

Calculation                                 $\frac{6}{60} \times \text{£ } 26,000$

Giving a Old Section pension of    **£2,600pa**

**Total Pension = £12,083pa + £2,600pa = £14,683pa**

\* Final Pensionable Salary is calculated as at the date you actually leave Pensionable Service for both Old Section and New Section benefits.

## Your State Pension

Remember, that provided you have paid sufficient National Insurance contributions, you will receive your Basic State Pension entitlement payable from State Pension Age in addition to your Scheme pension. You can obtain a forecast of your State Pension Benefit by completing Form BR19, which can be obtained from your local Benefits Agency.

The current level of full Basic State Pension, for 2013/14, is £5,727 for a single pension and £9,159 for a couple.

# Benefits at Retirement

## Your Cash Lump Sum at Normal Retirement Date

You may choose to have a reduced pension in exchange for a cash lump sum. Under present legislation this lump sum is completely free of tax, provided that it does not exceed a limit set out by HM Revenue & Customs.

The total maximum lump sum is currently worked out by calculating the maximum lump sum in relation to your New Section and Old Section pension separately and then adding them together, as follows:

### EXAMPLE ILLUSTRATION

#### New Section

Broadly, the maximum tax-free lump sum available to you is **4.4 x pension**.

The rate at which you can exchange pension for cash at retirement is currently: £1 of pension given up for every £13 of cash lump sum taken.

#### Old Section

Broadly, the maximum tax-free lump sum available to you at Normal Retirement Date is **4.4 x pension**.

The maximum lump sum is worked out as follows:

$$\frac{\text{Pension} \times \text{Cash Conversion Factor}^*}{(0.15 \times \text{Cash Conversion Factor}^*) + 1}$$

\* This is the rate at which you can exchange pension for cash and it will depend upon your age at retirement. A table of the cash conversion factors currently in force for the Old Section is shown below.

#### Old Section Cash Conversion Factors

Age	Factor
55	16.30
56	15.95
57	15.60
58	15.27
59	15.02
60	14.75
61	14.48
62	14.19
63	13.90
64	13.59
65	13.27

All the factors shown in this table and for the New Section may be subject to change by the Trustees in the future.

#### Cash Conversion Factor Notes:

- (i) Factors are calculated based on your age in years and days at retirement e.g. aged 58 years 150 days gives a factor of 15.1673.
- (ii) if you retire under the ill-health/disability provisions of the Scheme after having joined on or after 1 July 2005, or as a Late Entrant after 1 October 2004, your cash lump sum will be calculated as described above under the New Section.

# Benefits at Retirement

## Your Cash Lump Sum at Normal Retirement Date (cont.)

### EXAMPLE ILLUSTRATION

#### New Section Cash Lump Sum

Pension before lump sum taken: £ 12,083pa

Calculation:  $4.4 \times \text{£}12,083$

Giving a maximum cash lump sum of approximately: **£ 53,165**

#### Old Section Cash Lump Sum

Pension before lump sum taken £ 2,600pa

Age at Retirement: 65

Therefore Cash Conversion Factor: 13.27\*

Calculation  $\frac{\text{£ } 2,600 \times 13.27}{(0.15 \times 13.27) + 1} = \text{£ } 34,502$   
2.9905

Giving a maximum cash lump sum of: **£ 11,537**

**Total Maximum Cash Lump Sum = £ 53,165 + £ 11,537 = £ 64,702**

\* Please see page 12 for Old Section cash conversion factors at other ages.

# Benefits at Retirement

## Your Pension after taking a Cash Lump Sum at Normal Retirement Date

### EXAMPLE ILLUSTRATION

#### New Section

Gross pension £ 12,083pa

Maximum cash lump sum £ 53,165 ÷ 13

Pension given up of £ 4,090pa

Giving a reduced pension of:

£ 12,083 - £ 4,090  
= **£ 7,993pa**

#### Old Section

Gross pension £ 2,600pa

Maximum cash lump sum £ 11,537 ÷ 13.27

Pension given up of £ 869pa

Giving a reduced pension of:

£ 2,600 - £ 869  
= **£ 1,731pa**

**Overall Reduced Pension** if Maximum Cash Lump Sum taken = £ 7,993pa + £ 1,731pa = **£ 9,724pa**

**The pension options at retirement in this example are:**

1) A pension of £ **14,683pa**

**Or**

2) A reduced pension of £ **9,724pa plus** a maximum cash lump sum of **£ 64,702**

**Or**

3) A reduced pension plus a cash lump sum less than the maximum.

# Benefits at Retirement

## Your Pension on Early Retirement

Provided you have completed 5 years' Qualifying Service you may retire and draw your pension at any time after attaining age 55.

Your pension will be calculated in the same way as at Normal Retirement Date (see page 11) but using your Pensionable Service and Final Pensionable Salary at the date you retire. The pension would then be reduced for each month that you retire before your Normal Retirement Date, (a part month counts as a whole month).

The reductions currently applying from Normal Retirement Date are as shown in the Early Retirement Reduction table below. The reductions may be subject to change by the Trustees in the future:

### EXAMPLE ILLUSTRATION

#### New Section

Age at early retirement: 58 years

Pensionable Service: 22 years

Final Pensionable Salary: £ 25,000pa

Calculation:  $\frac{22}{60} \times £ 25,000 = £ 9,167\text{pa}$

This is then multiplied by 69%  
(i.e. 7 years early – see Early Retirement Reduction table below)  
= £ 9,167pa x 69% (or 0.69)  
= £ 6,325pa

Giving a New Section early retirement pension of **£ 6,325pa**

Giving a Total Early Retirement Pension of  
£ 6,325pa + £ 2,314pa = **£8,639pa**

#### Old Section

Age at early retirement: 58 years

Pensionable Service: 6 years

Final Pensionable Salary: £ 26,000pa

Calculation:  $\frac{6}{60} \times £ 26,000 = £ 2,600\text{pa}$

This is then multiplied by 89%  
(i.e. 7 years early – see Early Retirement Reduction table below)  
= £ 2,600pa x 89% (or 0.89)  
= £ 2,314pa

Giving a Old Section early retirement pension of **£ 2,314pa**

#### Early Retirement Reduction Table

Complete years prior to Normal Retirement Date	% of New Section pension	% of Old Section pension
1	94	99
2	89	98
3	84	97
4	80	96
5	76	95
6	72	92
7	69	89
8	66	86
9	63	83
10	60	80

All factors under both Old and New Sections may be subject to change in the future and pensions are reduced for each month you retire before your Normal Retirement Date; a part month counts as a whole month.

# Benefits at Retirement

## Your Pension on Early Retirement (cont.)

- Notes:
- (i) See also “Lifetime Allowance” on page 42.
  - (ii) Old Section special early retirement provisions exist if you could potentially have completed 40 years’ Pensionable Service (see Special Provisions, page 44)
  - (iii) Special conditions apply for members who joined the Old Section of the Scheme before 23 March 1991 when some or all of the pension earned before that date may be reduced for each month that you retire before age 60 – contact the Funds’ Office for more information on this.

## Your Cash Lump Sum on Early Retirement

At the time of your retirement, you may choose to have a reduced pension plus a cash lump sum.

This cash lump sum is calculated as follows:

### **New Section**

In the same way as if you were retiring at Normal Retirement Date (see page 12) but using your pension at the date you retire.

### **Old Section**

In the same way as if you were retiring at Normal Retirement Date (see page 12) but using your pension at the date you retire and the cash conversion factor applicable to your age at the date you retire – as shown on page 12).

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(See also “Lifetime Allowance”, page 42)

## Your Pension after taking a Cash Lump Sum on Early Retirement

By taking a cash lump sum your pension is reduced. The size of the reduction will depend upon the amount of pension you exchange for a cash lump sum (subject to the maximum calculation as described on page 12).



## Ill-Health/Disability Retirement from Active Service

### Normal Entrant

- **If you joined before 1 July 2005** and you are (and will continue to be) incapable of doing your job because of physical or mental impairment, the Scheme has provisions which enable the Trustees to grant ill-health/disability benefits immediately.
- **If you joined on or after 1 July 2005** and you are (and will continue to be) incapable of carrying on any (not necessarily usual) employment because of physical or mental impairment, the Scheme has provisions which enable the Trustees to grant ill-health/disability benefits immediately.

There are some conditions attached to the payment of ill-health/disability benefits. These are:

- Completion of 5 years' Qualifying Service; and
- You have been absent from work for at least 3 months and have ceased to carry on your occupation; and
- The Trustees have received medical evidence, which is acceptable to them, from a registered medical practitioner of your inability to work as defined above (this may involve having to attend a medical examination).

You must also have responded promptly and frankly to any enquires which the Trustees or medical practitioner may make as to your health, capacity for employment, current earnings and current employment status.

Each application for early retirement on grounds of ill-health/disability is dealt with on its own merits. The Trustees' decision takes into account the advice of a medical adviser appointed for this purpose and is final in any question of doubt.

Once in payment further medical evidence may be required depending upon the circumstances of each case. Additionally, the pension paid may be stopped or adjusted if:

- Your health improves; or
- You take up paid employment.

### Late Entrant

- **If you are a Late Entrant who joined before 1 January 2008** then the eligibility requirements for ill-health/disability retirement are as described under the second paragraph above (i.e. the same terms as a Normal Entrant who joined on or after 1 July 2005)
- **If you are a Late Entrant who joined on or after 1 January 2008** then you are **not eligible** for ill-health/disability retirement at any point during your membership.

# Benefits at Retirement

## How Ill-Health/Disability Benefits are worked out

**Members who joined the Scheme before 1 July 2005 (except if you joined as a Late Entrant)**

Your pension will be based on your Final Pensionable Salary at retirement and your Pensionable Service to date and your pension is calculated in two parts:

With effect from 1 September 2012, no Member shall be entitled to accrue more than 40 years' *Pensionable Service*.

### EXAMPLE ILLUSTRATION

#### New Section

Pensionable Service: 11 years

Final Pensionable Salary: £ 25,000pa

Calculation:  $\frac{11}{60} \times £ 25,000 = £ 4,583pa$

Giving a New Section Ill-Health retirement pension of **£ 4,583pa**

#### Old Section

Pensionable Service: 6 years

Final Pensionable Salary: £ 26,000pa

Calculation:  $\frac{6}{60} \times £ 26,000 = £ 2,600pa$

Giving a Old Section Ill-Health retirement pension of **£ 2,600pa**

Giving a Total Ill-Health/Disability Retirement Pension of  
£ 4,583pa + £ 2,600pa = **£ 7,183pa**

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**Also note** that if you retire due to ill-health/disability within 5 years of your Switch Date you will also be granted a service enhancement that would be added to your New Section service in the example above. This enhancement is dependent on the length of time since your Switch Date and is awarded in accordance with the following table:

**Continues on next page** for Members who joined on or after 1 July 2005 or joined as a Late Entrant.

Years since becoming an Old2New Section Member	Additional Service Enhancement
Less than 1	6 2/3 years
Less than 2	5 1/3 years
Less than 3	4 years
Less than 4	2 2/3 years
Less than 5	1 1/3 years
5 or more	Nil

For example if you are granted an ill-health/disability benefit less than 3 years since your Switch Date you would have an additional 4 years' service credit added to your benefit.

## How Ill-Health/Disability Benefits are worked out (cont.)

**Members who joined the Scheme on or after 1 July 2005; or who joined as a Late Entrant before 1 January 2008**

Your whole pension will be calculated in the same way as under the New Section as at Normal Retirement Date, but using your Pensionable Service and Final Pensionable Salary at the date you retire. The pension will become payable immediately and without reduction for its early payment. There is no service enhancement on the pension.

### EXAMPLE ILLUSTRATION

Pensionable Service:	11 years (since Switch Date) plus 6 years (before Switch Date)
Equals Total Pensionable Service:	17 years
Final Pensionable Salary:	£ 25,000pa (only New Section Final Pensionable Salary used)
Calculation:	$\frac{17}{60} \times £ 25,000 = £ 7,083\text{pa}$
Giving an Ill-Health/Disability retirement pension of	<b>£ 7,083pa</b>

## Your Cash Lump Sum on Ill-Health/Disability Retirement from Active Service

If you are granted an Ill-Health/Disability retirement pension you may take a cash lump sum at the time of your retirement.

If you require more detail on the calculation of this cash lump sum, and how it would affect your pension please contact the Funds' Office.

# Protection in Retirement

## Summary of Pension Benefits

- Increases to pensions.
- Your spouse/civil partner may receive a pension on your death.
- Your children may also be entitled to a pension on your death.
- Your pension is payable for life but if you die within 5 years of retirement, a lump sum will be paid to your beneficiaries equal to the pension payments you would have received in the remainder of that 5 year period.

## Pension Increases

Pension increases are granted on the first Monday of each new tax year (which begins on 6 April). The pension that you earned before and after your Switch Date is increased differently, as described below:

### **New Section Pension** (pension earned since Switch Date)

Your New Section pension is increased each year in line with the lower of the rise in the RPI\* and 2.5%.

### **Old Section Pension** (pension earned before Switch Date)

Your Old Section pension is currently increased as prescribed by Government in line with regulations applied under the Pension (Increase) Act 1971 and currently reflects the change in the Consumer Price Index (CPI\*).

\*CPI = Consumer Prices Index. RPI = Retail Prices Index. Increases to ITB pensions are based on the annual rise in the CPI/RPI at the end of September of the previous year.

- Notes:
- (i) If retiring straight from active service with your Employer, your first increase will only be a proportion of the full annual increase.
  - (ii) If you were granted an Ill-Health/Disability retirement pension then your pension increases may be different to as described above.
  - (iii) Different provisions may apply to your Guaranteed Minimum Pension (GMP)
  - (iv) The reference to “Pensions Increases” on page 44 may be applicable to you.

# Protection in Retirement

## Spouse's Pension

Upon your Death in Retirement your spouse will become eligible to a pension from the Scheme, provided you have at least 2 years' Qualifying Service as follows:

➤ for the first three months after your death your pension will continue to be paid in full,

Thereafter,

- the pension is calculated in two parts:
- New Section Spouse's Pension: equal to  $37\frac{1}{2}\%$  of your full New Section pension at the date of death
  - Old Section Spouse's Pension: equal to 50% of your full Old Section pension at the date of death

(by "full" pension, we mean **ignoring** any reduction in your pension if you exchanged part of your pension for cash at retirement.)

### EXAMPLE ILLUSTRATION

#### New Section Pension

Your New Section pension before taking any cash lump sum      £ 12,083pa

Calculation:                    = £ 12,083pa x  $37\frac{1}{2}\%$   
   = **£ 4,531pa**

#### Old Section Pension

Your Old Section pension before taking any cash lump sum      £ 2,600pa

Calculation:                    = £ 2,600pa x 50%  
   = **£ 1,300pa**

= £ 4,531pa + £ 1,300pa = **£ 5,831pa**

**plus** the same pension increases awarded to your pension whilst in payment, say, 25%

= £ 5,831pa x 25% = **£ 1,458pa**

Giving a total Spouse's Pension of: **£7,289pa**

If you marry/re-marry after leaving service and your spouse is more than 5 years younger than you, a reduction of 0.2% to the spouse's pension for each complete month in excess of 5 years will be made. The Trustees may decide to change the amount of this reduction. Moreover, in the case of post leaving marriages a spouse will only become eligible for a pension if your marriage has been at least of one year's duration at the date of your death.

Note: See also the "Civil Partners" on page 35.

# Protection in Retirement

## Lump Sum Death Benefit

If you die within 5 years of retirement, a lump sum will be paid to your beneficiaries equal to the pension payments you would have received in the remainder of the 5 year period.

This is calculated as follows:

➤ 60 months less the number of monthly installments actually paid to date of death

**times**

➤ the gross monthly pension in payment at date of death.

This payment is made in addition to any spouse's/children's pension that may be payable.

## Children's Pension

Whether or not you are a married member, your children may also be entitled to receive a pension, provided you have at least 2 years' Qualifying Service.

To qualify your children must be: -

➤ under age 16

or

➤ under age 23 and in approved full time education or vocational training

or

➤ dependent on you because of physical or mental impairment and in need of financial support from the Scheme

The amount of the children's pension is calculated as a fraction of your pension (before you exchanged any pension for a lump sum - if you took that option) in accordance with the following table:

No of eligible Children	Whilst spouse's pension payable	Where no spouse's pension payable
1	$\frac{1}{8}$	$\frac{1}{4}$
2 share	$\frac{1}{4}$	$\frac{3}{8}$
3 share	$\frac{3}{8}$	$\frac{1}{2}$
4 or more share	$\frac{1}{2}$	$\frac{1}{2}$

# Death in Service

If you die whilst an active member of the Scheme the following benefits may be payable:

➤ a lump sum

**plus**

➤ a pension payable to your spouse/civil partner

**plus**

➤ a pension payable to your child/children.

## Lump Sum Life Assurance Payment

Payable to your beneficiaries, this multiple of salary (Pensionable Salary) benefit at date of death will apply as follows:

		Unmarried members	Married members
NORMAL ENTRANT	Joined before 1 July 2005	4 x salary	2 x salary
	Joined on or after 1 July 2005	i) 2 x salary (if less than 2 years Pensionable Service*)  ii) 4 x salary (once 2 years Pensionable Service* completed)	2 x salary
LATE ENTRANT	Joined as a Late Entrant between 1 October 2004 and 31 December 2007	i) No lump sum (if less than 2 years Pensionable Service*)  ii) 4 x salary (once 2 years Pensionable Service* completed)	i) No lump sum (if less than 2 years Pensionable Service*)  ii) 2 x salary (once 2 years Pensionable Service* completed)
	Joined as a Late Entrant on or after 1 January 2008	i) No lump sum (if less than 2 years Pensionable Service*)  ii) 1 x salary (once 2 years Pensionable Service* completed)	

\* Pensionable Service after excluding any transferred service

Please note that members in a civil partnership are the same as 'Married members' in the above table.

# Death in Service

## Lump Sum Life Assurance Payment (cont.)

The beneficiaries of any lump sum that becomes payable on your death is at the absolute discretion of the Trustees. If you have not already completed a Nomination form it will assist the Trustees in deciding to whom the benefit should be paid if you were to complete the **Nomination Form** at the back of this Booklet and ensure that it is returned to the ITB Pension Funds' Office for safe keeping. The Trustees would take note of your wishes when considering who should receive the lump sum such as relatives, dependants and others. Please remember to complete a new form should your personal circumstances change.

Further copies of the Nomination Form are available from the ITB Pension Funds Office, or from the Funds' website [www.itb-online.co.uk](http://www.itb-online.co.uk).

## Spouse's Pension

If you are married at the time of your death, and have completed at least two years' Qualifying Service, your spouse will receive the following benefits:

For the first 3 months following your death a pension equal to your Pensionable Salary

After that, a pension calculated as follows:

### EXAMPLE ILLUSTRATION

#### New Section

37<sup>1</sup>/<sub>2</sub>% of your New Section pension for Pensionable Service since your Switch Date.

Final Pensionable Salary: £ 25,000pa

Pensionable Service: 16 years

Calculation:  $\frac{16}{60} \times \text{£ } 25,000 \times 37\frac{1}{2}\%$

Giving a New Section pension of **£ 2,500pa**

#### Old Section

50% of the pension which would have been payable to you in respect of your Pensionable Service before your Switch Date.

Final Pensionable Salary: £ 26,000pa

Pensionable Service: 6 years

Calculation:  $\frac{6}{60} \times \text{£ } 26,000 \times 50\%$

Giving a Old Section pension of **£ 1,300pa**

Giving a total Spouse's Pension of: **£ 3,800pa**

**Continued on next page:**



## Spouse's Pension (cont.)

**Also note** that if you die in service within 5 years of your Switch Date you will also be granted a service enhancement that would be added to your New Section service in the example above. The size of this enhancement is dependent on the length of time since your Switch Date and is awarded in accordance with the following table:

<b>Years since becoming an Pensionable Service from date of (or since your Switch Date)</b>	<b>Proportion of prospective Old2New Section Member death to Normal Retirement Date awarded</b>
Less than 1	100%
Less than 2	80%
Less than 3	60%
Less than 4	40%
Less than 5	20%
5 or more	Nil

For example if you die less than 3 years after your Switch Date your spouse's pension will include a service enhancement of 60% of your prospective service from your date of death to your Normal Retirement Date. So, if you still had 20 years until your Normal Retirement Date at your date of death you would receive a service enhancement of 12 years (i.e. 60% of 20 years).

See also "Civil Partners" on page 35.

## Children's Pension

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In addition to the spouse's pension your children will also be entitled to a pension in the proportions as set out on page 22 relative to your pension earned at date of death. If you die within 5 years of your Switch Date you will also be granted a service enhancement (on the same terms as the table under the Spouse's Pension above).

# Leaving the Scheme

If you leave or opt-out of the Scheme before you reach your Normal Retirement Date, the choices you have in relation to the benefits you have earned will depend on your length of Qualifying Service.

## Less than 3 months' Qualifying Service

You will receive a **refund of your contributions**, less certain deductions.

## Over 3 months' but less than 2 years' Qualifying Service

Your choice is:

- a **refund of your contributions**, less certain deductions; or
- a **transfer out of your pension benefits** to another registered pension scheme. (You must exercise this option within 3 months of being notified of your benefit rights.)

## 2 or more years' Qualifying Service

You will be granted a **Deferred Pension**. Your Deferred Pension can either:

- Remain in the Scheme where it will revalue in the way described under 'Revaluation and Pension Increases' on page 30. Your benefits will become payable if:
  - you die before your pension is paid
  - you are granted an ill-health/disability pension
  - you apply for payment of an early retirement pension (subject to being aged 55 or over and having at least 5 years' Qualifying Service)
  - you reach your Normal Retirement Date

or

- be transferred out to another registered pension scheme.

**These options are described in greater detail on the pages that follow:**

## Taking a Refund of Your Contributions

A refund of your contributions is only available if you have less than 2 years' Qualifying Service.

A refund will be your own contributions, **less** your share of the cost of buying you back into S2P (formerly SERPS), **less** a tax charge\*.

The Trustees will buy back your S2P benefit for you by the way of a payment to the Department for Work and Pensions. The State will then provide you with a full S2P pension relating to your period of membership of the Scheme.

Please note that a refund will leave you with no further benefits in the Scheme.

A refund is worked out as follows:

**Your total contributions less your share of the cost of buying you back into S2P, less tax\*.**

### EXAMPLE ILLUSTRATION

Your total Scheme contributions (say)	£	870
Less your share of the cost of buying you back into S2P, for example	£	<u>260</u>
	£	610
Less tax, currently at 20%	£	<u>122</u>
Giving a net refund of	£	<u>488</u>

Note: If you have paid AVCs and you have less than 2 years' Qualifying Service the value of your AVC contributions will also be available as a refund, less tax\*.

\* Tax is currently deducted at 20% on the first £10,800 of contributions (including AVCs) and at 50% on contributions (including AVCs) over £10,800.

# Leaving the Scheme

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## A Transfer Out of your Pension Benefits

You can arrange for your Scheme pension benefits to be transferred to another registered pension scheme, for example, your new employer's pension scheme, a personal pension or a Stakeholder pension. The transfer payment will be equal to the cash value of your pension benefits (based on market conditions at the time of the transfer) and is called the Cash Equivalent Transfer Value (CETV).

Please note the following in relation to transferring your pension benefits:

- Members with at least 3 months' but less than 2 years' Qualifying Service (and therefore not entitled to a Deferred Pension) must apply for a transfer within 3 months of being notified of their rights.
- Any transfer out is subject to the receiving scheme being willing and able to accept the transfer value.
- You will not be allowed to transfer your benefits within 12 months of your Normal Retirement Date.
- You have a statutory right to receive (upon request and free of charge) a statement of transfer value once in each Scheme year (1 April - 31 March).
- On completion of a transfer out you would give up all benefits you may have been entitled to under the Scheme.
- You are recommended to take independent financial advice when considering a transfer out.

## Deferred Pension

If you leave the Scheme with 2 or more years of Qualifying Service you will be granted a Deferred Pension. How your Deferred Pension is worked out is based on your New Section Service earned since your Switch Date and your Old Section Service earned up to your Switch Date (as advised to you after switching):

### EXAMPLE ILLUSTRATION

#### New Section Pension

<b>1/60 x your New Section Pensionable Service x your New Section Final Pensionable Salary</b>	
Final Pensionable Salary	£ 25,000*
Pensionable Service	7 years
Calculation	$\frac{7}{60} \times \text{£ } 25,000$
Giving a New Section pension of	£ 2,917pa

#### Old Section Pension

<b>1/60 x your Old Section Pensionable Service x your Old Section Final Pensionable Salary</b>	
Final Pensionable Salary	£ 26,000*
Pensionable Service	6 years
Calculation	$\frac{6}{60} \times \text{£ } 26,000$
Giving a Old Section pension of	£2,600pa

**Total Pension = £ 2,917pa + £2,600pa = £ 5,517pa**

\* Final Pensionable Salary is calculated as at the date you leave Pensionable Service for both Old Section and New Section benefits. The amount of your Final Pensionable Salary may be different under the two sections of the Scheme because the way it is calculated is different.

You can either leave your Deferred Pension in the Scheme or transfer its value out of the Scheme (see A Transfer Out of your Pensions Benefits, page 28)

A Deferred Pension will normally become payable at your Normal Retirement Date and includes provisions for pension increases, death benefits and ill-health/disability and early retirement benefits, as follows:

# Leaving the Scheme

## Revaluation and Pension Increases

Under the current arrangements your pension will be revalued, on your retirement, over the period since you left the Scheme as follows:

- Your Old Section pension is increased as prescribed by Government in line with regulations applied under the Pension (Increase) Act 1971 and currently reflects the change in the Consumer Price Index (CPI).
- Your New Section pension will be revalued in line with the lower of the rise in the RPI and 5% pa for pension accrued before 6 April 2009 and the lower of the rise in the RPI and 2.5% pa for pension accrued on or after 6 April 2009 (or such other amount as prescribed by legislation).

After the pension begins it will increase in the way described on page 20.

## Death before Retirement

If you die after leaving the Scheme with a Deferred Pension but before you start to receive your pension your dependants may be entitled to the following benefits:

### Spouse's Pension

If you were married to your spouse at the time you left the Scheme and you had completed at least 2 years' Qualifying Service, a Spouse's Pension would be payable, calculated in two parts:

- an amount equal to 37<sup>1</sup>/<sub>2</sub>% of your New Section Deferred Pension; and
- an amount equal to 50% of your Old Section Deferred Pension;

both these amounts are revalued from the date you left the Scheme up to the date of your death, in the way described under Revaluation and Pension Increases above.

(If you marry/re-marry after leaving service and your spouse is more than 5 years younger than you a reduction of 0.2% to the spouse's pension for each complete month in excess of 5 years will be made. Moreover, in case of post-leaving marriages, a spouse will only become eligible for a pension if your marriage has been at least of one year's duration at the date of your death and you are not judicially separated.)

### Children's Pensions

Children's pensions may be payable subject to the same eligibility requirements and in the proportions of your revalued deferred pension, as set out on page 22.

## Death before Retirement (cont.)

### Lump Sum Life Assurance

A lump sum benefit is payable to your beneficiaries. The beneficiaries of this lump sum are decided by the Trustees in their absolute discretion. However, please see the note on a 'Nomination Form' on page 24.

The lump sum payable is the greater of:

➤ a refund of your own contributions, plus interest

or

➤ a proportion of your Pensionable Salary at date of leaving, worked out as follows:

$$\frac{\text{Actual Pensionable Service}}{\text{Total prospective Pensionable Service to Normal Retirement Date}} \times \text{Twice*Pensionable Salary}$$

\*If no spouse's/civil partner's pension is payable the lump sum benefit is worked out as above but based on multiple of four times, rather than twice, Pensionable Salary. If you joined the Scheme as a Late Entrant on or after 1 January 2008 then it will be worked out as above but based on a multiple of once times, rather than twice, Pensionable Salary.

However, if you joined the Scheme on or after 1 July 2005 or were admitted into the Scheme as a Late Entrant after 1 October 2004 and die with less than 2 years Pensionable Service, after excluding any transferred service, the lump sum payable is a refund of your own contributions, plus interest.

The lump sum is paid tax free under current legislation.

- Note: i) If you have paid AVCs these will be included in the value of the lump sum.  
ii) See also "Civil Partners" on page 35.

# Leaving the Scheme

## Ill-Health/Disability

If you have a Deferred Pension in the Scheme and are unable to undertake any work because of ill-health/disability (which is established by medical evidence to the Trustees' satisfaction) then as long as you meet any other applicable eligibility requirements below you may apply to the Trustees for payment of your pension to commence early:

- If you joined the Scheme on or after 1 July 2005; or you joined as a Late Entrant before 1 January 2008 you must have five years of Qualifying Service and you must be incapable of any, not necessarily full-time, employment.
- If you joined as a Late Entrant on or after 1 January 2008 you are **not eligible** for ill-health/disability retirement.

If the Trustees agree your application for an ill-health/disability pension your deferred Scheme pension, revalued to your date of retirement, will become payable immediately and without reduction for its early payment.

There is no minimum age at which you may apply for your pension to commence due to ill-health/disability.

## Early Retirement

You may apply for early payment of your Deferred Pension at any time after you reach age 55, provided you have 5 years of Qualifying Service (or if your Qualifying Service plus the time since you left active service is at least 5 years).

If you draw your benefits before your Normal Retirement Date your pension will be revalued to the date of your actual retirement in the way described under 'Revaluation and Pension Increases' on page 30.

Your overall pension will then be reduced in accordance with 'Early Retirement Reduction Table' on page 15 to reflect the earlier payment date.



## Part-timers

If you work less than your Employer's standard weekly hours, it is necessary to convert your part-time working into a full-time equivalent before working out your pension benefits.

To do this it is first necessary to establish:

- Your weekly part-time contractual hours "Your Hours"
- Your Employer's standard weekly full-time hours "Standard Hours"

Your Pensionable Service and Pensionable Salary are then adjusted as follows:

$$\text{Pensionable Service (Adjusted):} \\ = \text{Your Pensionable Service} \times \text{Your Hours} \div \text{Standard Hours}$$

$$\text{Pensionable Salary (Adjusted):} \\ = \text{Your Pensionable Salary} \times \text{Standard Hours} \div \text{Your Hours}$$

Your benefits are calculated in the same way as under the normal provisions of the Scheme but based upon your adjusted Pensionable Service and adjusted Final Pensionable Salary.

Note: If you worked part-time whilst accruing benefits under the Old Section that part-time service will also be converted into a full-time equivalent before working out your pension benefits relative to Old Section Final Pensionable Salary.

# Other Information

## Part-timers (cont.)

### ILLUSTRATION

Actual Hours Worked	21 per week
Standard Hours	35 per week
Pensionable Salary	£ 8,500pa
Pensionable Service	10 years
Adjusted Pensionable Service is worked out as follows:	$10 \text{ years} \times 21 \text{ hours} \div 35 \text{ hours} = 6 \text{ years}$
Adjusted Pensionable Salary is worked out as follows:	$\text{£ } 8,500 \times 35 \text{ hours} \div 21 \text{ hours} = \text{£ } 14,167$

Your contributions to the Scheme will be 6% (but see page 6) of your actual part-time Pensionable Salary and not adjusted Pensionable Salary as referred to above.

## Pension Sharing on Divorce

In December 2000 the Government introduced regulations which, in the event of divorce, allow the Courts to split or share pension rights between a member and his/her ex-spouse.

This will be applicable to a member if divorce proceedings commenced on or after 1 December 2000 and the Courts issue a Pension Sharing Order. Your ex-spouse will receive a Pension Credit that equates to a proportion of the cash equivalent transfer value of your Scheme entitlement, which will be paid to a suitable pension arrangement of their choice. Your benefits will be reduced accordingly.

As there are other methods available by which the Courts may share the assets, including pension rights, of divorcing couples, a pension sharing order is not made in all divorce proceedings that commence on or after 1 December 2000. However if you are getting divorced and you think that a pension sharing order might be made in respect of your ITB Pension Funds pension, you should bring the matter to the attention of the ITB Pension Funds' Office who will advise you of the next steps and of the scale of charges we make for providing the necessary information.

## Civil Partners

The Scheme will pay pensions for civil partners in accordance with the statutory requirements. Please write to the ITB Pension Funds office for further information, or email us at: [pensions@itb-online.co.uk](mailto:pensions@itb-online.co.uk).

## Benefit Statements

An Annual Benefit Statement is available to you. This shows details of your benefits earned, benefits on death and a projection of benefits if you continue in service to Normal Retirement Date. A separate AVC benefit statement will also be provided if you pay AVCs into one of the special AVC accounts set up with one of the Scheme's AVC providers.

Whether an Active Member or a Deferred Member you can produce your own up-to-date benefit statement on our pension modelling website 'MyITB': [www.myitb.com](http://www.myitb.com).

## Trustees' Annual Report to Members

The Trustees' produce a report each year. This includes the audited accounts of the Scheme, Auditor's Report and Actuarial Statement which appears in full on our information Website 'ITB-Online': [www.itb-online.co.uk](http://www.itb-online.co.uk). Copies are also available from the Funds' Office.

# Other Information

## Maternity/Adoption Leave

If you are absent from work on Maternity Leave or Adoption Leave, membership of the Scheme continues on the following basis provided that you have given proper notice of your intention to return to work:

- your Scheme contributions will change at the time you go on Maternity Leave/Adoption Leave so that your contributions will be calculated as a percentage of the Maternity Pay/Adoption Pay you are actually receiving (if any in the case of Maternity Leave).
- if you pay AVCs these will cease at the time you go on Maternity Leave/Adoption Leave unless you tell us that you wish to continue making them.
- during your period of Ordinary Maternity Leave/Ordinary Adoption Leave you will continue in Pensionable Service (whether or not you receive Maternity Pay in the case of Maternity Leave). Your Pensionable Service may also continue during periods of paid Additional Maternity Leave/Additional Adoption Leave, providing you continue to pay contributions. However, if your Additional Maternity Leave/Additional Adoption Leave is unpaid there will be a break in your Pensionable Service. On returning to work you will resume the accrual of Pensionable Service, but you will not have the option to pay contributions for any period of unpaid leave.
- Should you die while on Maternity Leave or Adoption Leave, a lump sum death in service benefit would be paid as described on page 23.

## Other Family Leave

If you are absent during any period of Parental Leave or Paternity Leave for which you are paid by your Employer, membership of the Scheme continues on the following basis:

- Your Scheme contributions will change at the time you go on Parental, Paternity or other family leave when your contributions will be calculated as a percentage of the pay you actually receive during that absence.
- If you pay AVCs these will cease at the time you go on leave unless you tell us that you wish to continue making them.
- Should you die while on paid Paternity Leave a lump sum death benefit would be paid (as described on page 23).
- Should you die while on Parental Leave, a lump sum death benefit would be paid (as described on page 23) provided you continued to pay contributions to the Scheme.

## Temporary Absence (other than Family Leave)

### Scheme Contributions:

- will normally continue to be based on your Pensionable Salary prior to your temporary absence, or subsequent Pensionable Salary figure if it changes during your absence as advised to you by your Employer.

### Lump Sum Death Benefits:

- will continue based on your Pensionable Salary immediately prior to your temporary absence.

## Late Retirement

You may, with the agreement of your Employer, defer your retirement and continue in employment after your Normal Retirement Date. In these circumstances your pension will be calculated in the same way as at Normal Retirement Date (see page 11) but using your Pensionable Service and Final Pensionable Salary at the date you retire.

With effect from 1 September 2012, no Member shall be entitled to accrue more than 40 years' *Pensionable Service*.

## 40 Year Maximum

If you are an active member having accrued 40 years combined *Pensionable Service* in the Old and New of the Scheme:

- You will not be required to make further contributions to the *Scheme* and neither will your *Employer* on your behalf.
- and**
- As the Scheme is currently contracted-out of the State Second Pension (S2P), your National Insurance contributions will remain at the contracted-out rate and so will those of your *Employer*.

Moreover, if you could have achieved 40 years' *Pensionable Service* in the **Old Section** before *Normal Retirement Date* then any early retirement reductions (see 'Early Retirement Reduction Table on page 15) that apply to your Old Section pension at retirement will only apply from age 60, or such later date when you would have attained 40 years' *Pensionable Service*, rather than from age 65.

## Benefits are Non-assignable

Your Scheme benefits cannot be assigned to any other person or used as security for loan. If you try to do this, your benefit may be withheld.

## Compulsory Early Retirement

Certain long-serving members with Old Section pension entitlement may be entitled to enhanced early retirement benefits in the event they are made redundant, or compulsorily retired by their Employer, depending on the terms of their contract of employment. If you believe this may apply to you, you should check with your Employer.

### Pension increases

If you are being paid a compulsory early retirement pension it will not be increased until you attain age 55. Your pension will then be increased from the 1st of the month after your 55th birthday, by the value of the increases granted to other pensions since your

## Trust Deed and Rules

This Member Booklet should be regarded as only a summarised general guide to the Scheme. It does not fully represent the detailed rules of the Scheme. In the event of any discrepancy between this Booklet and the Trust Deed and Rules which formally govern the Scheme, the latter will prevail. (A copy of the Trust Deed and Rules is available from the ITB Pension Office, Watford, or for inspection at your Personnel Department).

## Amendment and Termination

Although your Employer has every intention of continuing the Scheme, there can never be a guarantee to this effect.

An Employer has the right to opt out of participation in the Scheme at any time. In the unlikely event of this happening the Employer is required to give members written notice of its intention and must if required by the Trustees make good any deficit which exists at that time.

There is legislation in place aimed at providing safeguards should the Scheme be discontinued with insufficient assets to meet its obligations. In the unlikely event that this occurs, any shortfall (calculated on the basis set out in the legislation) would be a debt on the Employers. The assets of the Scheme are safeguarded under the provisions of the Trust Deed and Rules.

## Internal Dispute Resolution

The Pensions Act 1995 (as amended by the Pensions Act 2004) requires that all pension schemes have a formal internal dispute resolution procedure in place allowing members, prospective members, beneficiaries and contingent beneficiaries an avenue for complaint.

It is hoped that Members and beneficiaries will always be pleased with the service provided by the ITB Pension Funds' Office and that no one has reason to complain. However, in the unlikely event that a complaint arises and a member of the Funds' staff fails to provide a satisfactory answer, then a copy of the formal Internal Disputes Resolution procedure is available upon request to: The Director, The ITB Pension Funds, 23 King Street, Watford, WD18 0BJ.

## The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) is an independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions covering State, occupational, personal and stakeholder schemes.

TPAS is commonly used by members and beneficiaries to help resolve a pensions query or any difficulty which they have failed to resolve with the trustees of their pension scheme, which may be before or during an official disputes procedure.

TPAS address is: 11 Belgrave Road, London SW1V 1RB;  
website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk), or telephone hotline: 0845 601 2923.

## The Pensions Ombudsman

If you are unable to resolve your dispute using the Internal Dispute Resolution procedure, and normally only after having sought the assistance of TPAS, an application can be made to the Pensions Ombudsman for adjudication.

The Pensions Ombudsman's role and powers have been decided by Parliament, and he is appointed by the Secretary of State for Work and Pensions. He is completely independent and is available to investigate and determine any complaints or disputes of fact or law in relation to an occupational pension scheme. He does not charge for his services.

The Pensions Ombudsman's decision is final and binding on all the parties to the complaint or dispute. It can be enforced in the Courts. His decision can only be changed by appealing to the appropriate court on a point of law.

The Pensions Ombudsman's address is also: 11 Belgrave Road, London, SW1V 1RB  
or website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

# Other Information

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## The Pensions Regulator

The Pensions Regulator is the UK regulator of work-based pension schemes. Under the Pensions Act 2004, the Pensions Regulator's objectives are to protect the benefits of members, promote good administration and to reduce the risk of situations arising that may lead to claims for compensation from the Pension Protection Fund.

The address for the Pensions Regulator is Napier House, Trafalgar Place, Brighton BN1 4DW or website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## Pension Tracing Service

If you think you may have an old pension, but are not sure of the details, the Pension Tracing Service can usually help by tracing it for you. The Pension Tracing Service (part of the Department for Work and Pensions) has access to a database of over 200,000 occupational and personal pension schemes and can be used, free of charge, to search for a scheme.

If you would like the Pension Tracing Service to trace a pension scheme for you visit their website which is part of the Pension Service website: [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk) or call 0845 6002 537 to trace a pension over the phone. Alternatively, you may write to them at: Pension Tracing Service, The Pension Service, Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA

## HM Revenue & Customs Registration

The ITB Pension Funds is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. (Pension Scheme Tax Reference Number. 00329981RF)



## Data Protection Act 1998

The Trustees record and hold data in connection with the provision of benefits under the Scheme rules.

In accordance with the requirements of the Data Protection Act 1998, the Trustees have been registered as Data Controllers for the ITB Pension Funds. The Trustees will ensure that anyone processing data on their behalf complies with the 1998 Act.

In completing the Application Form to join the Scheme you will consent to the processing of your personal data in line with the legitimate purposes of the Scheme and provision of any additional information the Trustees require from you.

You have the right of access to your relevant personal data records and in accordance with the terms of the 1998 Act this is currently subject to a nominal fee. If you wish to exercise this right at any time you should contact the ITB Pension Funds' Office with your request.

Following your payment of the appropriate fee the Funds' Office then has a forty day period to supply the relevant personal data.

## Independent Financial Advice

The ITB Pension Funds' Trustees or the Funds' Office are not allowed to give you financial or investment advice about your pension benefits. So to get impartial financial advice you should contact an Independent Financial Adviser (IFA).

You can find a local IFA by calling 0800 0853250 or by visiting [www.unbiased.co.uk](http://www.unbiased.co.uk)

## The Lifetime Allowance (LTA)

Since 6 April 2006 pension schemes have no longer had to restrict the level of benefits paid to members. Instead the value of your benefits from all pension arrangements you belong to are measured against a new Lifetime Allowance (LTA) at the point that they come into payment. This will include your pension from the ITB Scheme including any AVCs, plus any personal pensions or any pensions you still have from previous employers' schemes. The State pension is excluded from the Lifetime Allowance calculations.

The LTA is set at £1.5m for the 2013/14 tax year but this is due to reduce to £1.25m in the tax year 2014/15.

Pensions are valued in the following way for measurement against the Lifetime Allowance:

Pensions commencing after 5 April 2006	20 x Annual Pension
Lump Sums and Money Purchase Funds taken after 5 April 2006	Face Value
Pensions in Payment before 6 April 2006	25 x Annual Pension*

\*The higher factor is because under the HMRC regulations it is assumed that, in most cases, a tax-free lump sum will have been taken.

As the LTA has been set at a high level, very few people are likely to be affected by it. If your ITB benefits push you over the LTA, you will have to take the excess as a lump sum when you retire, which would be taxed at the rate of 55%. It is your responsibility to let the Funds' Office know of all your pension arrangements to help with the LTA calculation when you retire.

Please contact the Funds' Office for help with the Lifetime Allowance (LTA).

## The Annual Allowance (AA)

The Annual Allowance (AA) is the maximum tax-free increase in the value of your pension benefits that is allowed in the Pensions Input Period (PIP). The AA for the 2013/14 tax year is £50,000, but this is due to reduce to £40,000 in the tax year 2014/15.

If the AA is exceeded in any particular year, there is a stand-alone tax charge on you.

For members of pension schemes like the ITB Pension Funds, which are defined benefit schemes, the method of valuing benefits for annual allowance purposes will be a fixed rate multiplier of 16, meaning that a £1,000 increase in annual pension benefit is treated as being worth £16,000. Broadly speaking, annual increases in pension benefits are measured by comparing the value of the pension which would have been payable at the start, and end of the year of the Pensions Input Period.

In the case of Money Purchase Contributions, they are taken at face value when, for example, they are paid by a Member/Employer into Additional Voluntary Contributions (AVCs) or Personal Pension Plans.

When you are a member of more than one pension arrangement, the calculations can become more complicated.

The Funds' Office will be providing active members with the amount of their Annual Allowance utilised for the Scheme Year on their benefit statements and also when they leave or retire from Pensionable Service. Similarly, if you pay AVCs to one or more of the ITB Funds' AVC arrangements, then the amount of your AVCs paid in the year will also be provided, as these will also form part of the AA.

### Pensions Input Period (PIP)

Every registered pension scheme has to have a PIP, which determines the time period used to measure the benefit accrued by a pension scheme member for tax purposes. The Trustees have determined that the PIP for the ITB Pension Fund will be 1 April to 31 March, in line with the Scheme year.

# Special Provisions

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## Compulsory Early Retirement

Certain long-serving members with Old Section pension entitlement may be entitled to enhanced early retirement benefits in the event they are made redundant, or compulsorily retired by their Employer, depending on the terms of their contract of employment. If you believe this may apply to you, you should check with your Employer.

### Pension increases

If you are being paid a compulsory early retirement pension it will not be increased until you attain age 55. Your pension will then be increased from the 1st of the month after your 55th birthday, by the value of the increases granted to other pensions since your pension began.

## 40 Year Maximum

If you could have achieved 40 years' Pensionable Service in the Old Section before Normal Retirement Date then any early retirement reductions (see 'Early Retirement Reduction Table on page 15) that apply to your Old Section pension at retirement will only apply from age 60, or such later date when you would have attained 40 years' Pensionable Service, rather than from age 65.

## Benefit Adjustment on Salary Reduction

Old Section: if you are an active member in Pensionable Service with an Employer in the Scheme and you are age 50 or over and suffer a reduction in salary which is likely to be permanent there are provisions in the Rules that build in a certain protection to your benefits. Precisely how this benefit is calculated would be advised to you by the Funds' Office should you be affected in this way by a reduction in your Pensionable Salary.

## ITB PENSION FUNDS

# Nomination Form - Lump Sum Death Benefit

To be completed by Employee/Member/Pensioner (and returned to ITB Pension Funds Office, 23 King Street, Watford WD18 0BJ)

**In the event of my death I should like the Trustees to consider paying any lump sum payable under the Scheme rules to the following:**

Full Name	Address	Relationship to member	Share (Percentage)
1.			
2.			

(must total 100%)

**In the event that he/she/they predecease me I should like the Trustees to consider paying any lump sum payable under the Scheme rules to the following:**

Full Name	Address	Relationship to member	Share (Percentage)

(must total 100%)

I fully understand that my wishes are in no way binding on the Trustees and I may, at any time, revoke or revise this nomination by completing another Nomination Form. Moreover, if I join/joined the Scheme outside the 3 month eligibility period and have been accepted into membership as a 'Late Entrant' I acknowledge that a lump sum death benefit will not become applicable until I have completed 2 years Pensionable Service.

I give my consent for the Trustees of the Scheme to record and hold this data on my file until such a time as it is superceded.

If you wish to expand on why you wish the Trustees to consider payment of part or all of the lump sum benefit in a certain way you can provide details, in confidence, on the reverse of this form.

I also acknowledge that the Trustees may process data which relates to me during the course of my membership of the Scheme in order to carry out their functions as Trustees of the Scheme. I agree that the Trustees may record and hold such data and make it available to third parties in the ordinary course of those functions. I understand that the Trustees and any such third party will comply with the underlying principles of the Data Protection Act 1998.

Full Name ..... Signature .....

Private Address .....

Company ..... Date .....

**This form is invalid if not signed.**

Please return the completed form to the ITB Pension Funds Office, 23 King Street, Watford, Herts WD18 0BJ, for safekeeping. The Trustees will take note of your wishes when considering who should receive the lump sum, such as relatives, dependants and others.

**Continue overleaf if required**

The ITB Pension Funds

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**Nominees continued.**

Full Name	Address	Relationship to member	Share (Percentage)
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NOMINATION  
FORM

(must total 100%)

## Active Member

A member of the Scheme who is employed by a participating Employer and who is currently building-up service within the Scheme, whilst paying member contributions.

## AVCs

Additional Voluntary Contributions. These are additional contributions that you can make to the Scheme's AVC arrangements.

## Deferred Member

Also known as a Deferred Pensioner or Preserved Pensioner/Member. A member of the Scheme who previously built-up service in the Scheme and who either after leaving service with their Employer or opting-out of the Scheme was granted a Deferred Pension. A Deferred Member cannot continue to contribute to the Scheme.

## Employer

an Industrial Training Board, or a successor body to an Industrial Training Board that participates in and sponsors the Scheme.

## Final Pensionable Salary (New Section)

Is the salary on which your benefits are calculated. It is the better of:

- average Pensionable Salary in 3 consecutive years ending on Normal Retirement Date, or date of exit if earlier.

and

- average Pensionable Salary over the period of 3 consecutive years during the last 10 years' service which gives the highest such average. (Where your Pensionable Service is less than 3 years then Final Pensionable Salary will be the average of your Pensionable Salary over your total period of service).

## Final Pensionable Salary (Old Section)

Is the salary on which your benefits are calculated. It is the better of:

- average Pensionable Salary over the period of 3 consecutive years during the last 10 years' service which gives the highest such average.

and

- average Pensionable Salary over the 12 consecutive month period during your final 5 years of service which gives the highest such average

If you retire under the ill-health/disability provisions of the Scheme after having joined the Scheme as a Late Entrant before 1 January 2008, you will be treated as a member of the New Section and your Final Pensionable Salary for the purpose of working out the benefit payable is as described under Final Pensionable Salary (New Section) above.

## GMP

Guaranteed Minimum Pension. This is the underlying minimum pension which the Scheme must provide for service built-up between 6 April 1978 and 5 April 1997.

It is broadly equivalent to the value of the SERPS benefit you would have otherwise built-up if you were not a member of the Scheme (see also S2P below). GMPs ceased to build-up from April 1997 and were replaced by a minimum benefit test which the Scheme surpasses.

## Late Entrant

An employee who became a member on or after 1 October 2004 and who did not join the Scheme within the first 3 months of becoming eligible.

## LEL and UEL

The Lower Earnings Limit and Upper Earnings Limit. These amounts are determined by Government each year with effect from 6th April for the purpose of National Insurance contributions and the calculation of S2P benefit. The LEL and UEL for the tax year beginning 6 April 2013 are £5,668 pa (£472 per month) and £41,450 pa (£3,454 per month).

## MyITB – [www.myitb.com](http://www.myitb.com)

'MyITB' is the interactive, pension modelling website for members of the ITB Pension Funds. The site is protected by a secure login system and allows members to project their pension and cash lump sum at retirement, produce online benefit statements and advise of changes to their personal details.

## Normal Entrant

Any member who joined the Scheme before 1 October 2004; or any member who joined the Scheme on or after 1 October 2004 within the first 3 months of becoming eligible (i.e. any member who is **not** a Late Entrant)

## Normal Retirement Date

The last day of the month in which you attain age 65.

## Pensionable Salary

Is the salary on which you pay contributions and is your annual rate of salary or wage, excluding overtime and any other fluctuating payments. Your Pensionable Salary may have to be restricted as prescribed when related to benefits earned before 6 April 2006. (You would have already been advised if and when you are affected by these restrictions.)

# Glossary

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## Pensionable Service

Is the service on which your benefits are calculated. It is the years and complete days of service you complete whilst an Active Member of the Scheme, and making the required contributions, plus any additional Pensionable Service credits (as would have been previously advised to you)

## Qualifying Service

Establishes qualification for certain benefits from the Scheme. It is your Pensionable Service plus any Qualifying Service granted on transfer into the Scheme.

## Scheme

The ITB Pension Funds (this booklet is a guide for Members of the Old2New Section of the Open Fund of the Scheme).

## Switch Date

Your Switch Date is the date that you became a Member of the Old2New Section whilst in the continuing service of your Employer, having previously been a Member of the Old Section. From your Switch Date you began to earn benefits on a New Section basis.

## S2P

The State Second Pension (S2P) is the second tier of the State pension. Prior to 6 April 2002 it was known as SERPS (State Earnings Related Pension Scheme). Whilst you are an Active Member of the Scheme you are contracted-out of S2P (See also LEL & UEL).

## Trustees

Details of the current Trustees and the way they are nominated are advised to members in the Trustees' Report made available to members and pensioners on an annual basis.

**Further financial terminology together with definitions appear in the 'Glossary' on the Schemes website [www.itb-online.co.uk](http://www.itb-online.co.uk).**





**Visit us on the web**  
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**1 April 2013**