

The United Kingdom Atomic Energy Authority
and Associated Employers

Shift Pay Pension Savings Plan



Member's Handbook

UNITED KINGDOM ATOMIC ENERGY AUTHORITY

Retirement and Death Benefits

for Members of

United Kingdom Atomic Energy Authority
and Associated Employers Shift Pay Pensions Savings Plan

Version 4

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➤ **Introduction**

Your shift pay is pensioned under a separate Shift Pay Pensions Savings Plan (the Plan). The Plan is separate to the Combined Pension Scheme, but to belong to the Plan you must be a member of the Combined Pension Scheme.

This booklet, outlines the benefits available to you as a Member of the Plan. This booklet does not form part of the Plan or affect the interpretation of the Rules.

The Plan is a 'money purchase' pension scheme. This means that the pension contributions will be paid into your own individual account and when you retire you use the fund to provide retirement benefits chosen to suit the needs of you and your family at that time, (but within Revenue limits). The fund will be invested, through Prudential, in a with-profits fund.

The size of your retirement benefit will depend on the amount of money put into the fund on your behalf and upon the investment performance of the fund.

You can take up to 25% of your fund as tax free cash when you retire. The remainder of your account must be used to provide pension benefits.

If you were a member of the Plan prior to 6 April 2006 you may be able to receive more than 25% of the fund as cash subject to Revenue limits.

At the time you retire if you have decided to defer the payments from the Shift Pay Pension Savings Plan you will need to contact the Pensions Administration Office, Thurso when you wish payments to commence. Please note that deferment is not allowed beyond age 75.

If you wish to take advantage of the State Scheme Spreading Option (SSSO), which provides for a temporary annuity payable until State Pension Age the maximum age of deferment would be one year prior to reaching State Pension Age (i.e. presently deferment beyond the 59th birthday for women and 64th birthday for men is not allowed). The SSSO allows you to use part or all of your fund under the Shift Pay Pensions Savings Plan to buy a temporary pension equal to the value of 125% of the single person's State basic pension - or such lesser amount as your Shift Pay Pensions Savings Plan fund will secure. Normally, the amount of the annuity under the SSSO is fixed at the time you purchase an annuity, unless you specifically ask for an escalating annuity.

Shift Pay Pension Savings Plan annuities do not normally increase once in payment unless of course you have selected an escalating annuity.

There is provision in the Shift Pay Pension Savings Plan to purchase an annuity on the open market, using your Shift Pay Pension Savings Plan fund to purchase an annuity with an alternative company to Prudential, the Shift Pay Pensions Savings Plan provider. You may wish to consider seeking financial advice before purchasing an annuity including whether to take an open market option.

The Plan also provides life assurance in the event of your death in Plan Service on or before your Normal Retirement Age (see section 12 of this booklet). This cover may be subject to underwriting and other requirements.

All benefits are funded, which means the contributions required to provide each Member's benefits form part of a fund which is held and invested by the Prudential on behalf of the United Kingdom Atomic Energy Authority (as managers of the Plan) quite separately from the employer's assets. The fund is then used to provide Member's benefits as they become due.

You may ask to see a copy of the annual report and accounts, which are prepared following the end of each Plan Year, and which contain further general information, mainly of a financial nature, about the Plan.

If you have any queries about the Plan in general, or about your entitlement to benefits, please contact your the department, or the UKAEA Pensions Administration Office at Thurso, or the UKAEA Pensions Policy Unit, Manor Court.

Data Protection

The United Kingdom Atomic Energy Authority is registered as a Data Controller under the Data Protection Act 1998. As a member of the Plan, you should be aware that the administrators of the Principal Scheme have a legal obligation and a legitimate interest under the Data Protection Act, in processing personal data relating to you as a Member of the Plan and to people who may benefit as a result of your membership of the Plan. This may include passing such data to the Prudential and to such other third parties as may be necessary for the operation of the Plan.

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➤ **Terms used in this booklet**

Employer

Employer means the United Kingdom Atomic Energy Authority and any associated Employer which has notified its employees that they are eligible to join the Plan.

Normal Retirement Age

Your normal retirement age is the age of specified in your contact of employment.

Pensionable Shift Pay

Pensionable Shift Pay is determined from time to time by your Employer and is that part of the extra pay you receive from your Employer in respect of your shift work and which is notified to you as being pensionable.

Plan Year

A Plan Year is a period of twelve months starting on 6th April.

Plan Service

Plan Service means service with your Employer whilst a member of the Principal Scheme and whilst in receipt of Pensionable Shift Pay and contributing to the Plan.

Principal Scheme

The Principal Scheme means the Combined Pension Scheme.

Management

The UKAEA is responsible for the management, administration and investment of the Plan. Please see also Section 15 of this booklet.

➤ **Eligibility**

You will automatically be included in the Plan from the day on which you receive your first payment of Pensionable Shift Pay if:

- (a) you are a member of the Principal Scheme; and
- (b) your employer has decided that you are eligible to join the Plan.

You will normally be covered for the life assurance benefit described in Section 12 of this booklet from the day on which you join the Plan.

If you elect to withdraw from the Principal Scheme before your Normal Retirement Age whilst remaining in the service of your Employer, your cover for the life assurance benefit described in Section 12 of this booklet will cease and no further contributions will be paid to your fund.

➤ **Your Fund**

1 Plan contributions

As a member of the Plan you will be required to contribute, by deduction from your pay, each time you receive a payment of Pensionable Shift Pay. The basic rate of contribution is 5%, but you may choose to contribute at the higher rate up to 100% of your Pensionable Shift Pay as long as the contributions remain within revenue limits. A change in the rate of your contributions must take effect from the start of a Plan Year. Contact your HR department if you wish to change your current contribution rate.

Your contributions are deducted from your pay before you are assessed for Income Tax. This means that you receive tax relief at your highest rate on your Plan contributions.

Your Employer will contribute at the same rate payable to the Principal Scheme subject to a minimum rate of 6% of your Pensionable Shift Pay. The cost of providing the life assurance benefit described in Section 12, is paid for separately by your Employer.

Contributions will be payable while you are in Plan Service. Special provisions will apply if your basic contributions to the Principal Scheme cease on the completion of 40 year's membership - you will be notified further if you are affected.

2 The fund

Contributions paid in each Plan Year are invested under a group insurance policy with Prudential. All pension contributions paid by or in respect of you will accumulate in your own individual fund, as described below, to provide benefits for you and/or your dependants on your retirement.

3 Your investment

Interest is added on a daily basis to all sums credited to your fund. In addition, providing that you have contributed for more than one Plan Year, when your benefits become payable under the Plan, an extra amount called capital growth bonus is normally added.

Prudential guarantees that the full amount accumulated in your fund, including interest and any capital growth bonus, will be available on retirement or after your Normal Retirement Age, on ill-health retirement or on death before retirement. If you retire with a pension from the Principal Scheme before your Normal Retirement Age, or where a transfer value is paid if you leave the Plan, Prudential's current practice is to provide the full amount in these circumstances too, whilst reserving the right to make a market value adjustment which means the full amount might not be provided.

The amount of interest and any capital growth bonus will depend upon the profits declared by Prudential. You should note, however, that the value of any investment can fall as well as rise, and that the rate of future interest and bonuses cannot be guaranteed.

4 Benefit statements

Each year you will receive a benefit statement showing how your account has built up.

➤ Retirement benefits

5 Retirement at Normal Retirement Age

If you retire at your Normal Retirement Age up to 25% of the sum which has accumulated for you in your fund may be taken as a tax-free cash payment.

The balance remaining in your fund after your cash payment must be used to provide a pension for you and, if required, for your spouse or dependant, which can if you wish increase annually while in payment. If a pension is provided for your spouse or dependant, or if a pension increases while in payment, the initial amount of your pension will be lower than would otherwise have been the case. If you wish, the whole of your account can be used to provide pension benefits, within Revenue limits.

Retirement benefits can be provided by the Prudential, or you can ask request an open market option.

Annuities purchased on or after 6 April 2005 will no longer increase whilst in payment unless you specifically request an annuity which increases during the payment period.

At the time you retire if you have decided to defer the payments from the Shift Pay Pension Savings Plan you will need to contact the Pensions Administration Office, Thurso when you wish payments to commence. Please note that deferment is not allowed beyond age 75.

If you wish to take advantage of the State Scheme Spreading Option (SSSO), which provides for a temporary annuity payable until State Pension Age, the maximum age of deferment would be one year prior to reaching State Pension Age (i.e. presently deferment beyond the 59th birthday for women and 64th birthday for men is not allowed). The SSSO allows you to use part or all of your fund under the Shift Pay Pensions Savings Plan to buy a temporary pension equal to the value of 125% of the single person's State basic pension - or such lesser amount as your Shift Pay Pensions Savings Plan fund will secure. Normally, the amount of the annuity under the SSSO is fixed at the time you purchase an annuity, unless you specifically ask for an escalating annuity.

Further details of the options and benefits available to you will be supplied shortly before your Normal Retirement Age or at the time of leaving, should this occur before your Normal Retirement Age.

6 Early Retirement

If you retire early with payment of a pension under the Principal Scheme, you will also receive your benefits under the Plan, as described above. If you retire on grounds of ill-health, the Plan benefits are payable immediately. In exceptional circumstances it may be necessary to reduce the amount which has accumulated in your fund (see Section 3).

7 Retirement after Normal Retirement Age

If, at the request of your Employer, you agree to your retirement being postponed until after your Normal Retirement Age, payment of your benefits will normally be deferred until you actually retire. No further contributions will be paid into your fund (unless you and your Employer agree otherwise) but interest will continue to accumulate until benefits become payable, when any capital growth bonus will be added.

In no circumstances can payment of your benefits be deferred beyond age 75, nor can any part of your benefits be paid in advance of your actual retirement from service.

8 Payment of pension

If part of your fund is used to provide you with a pension under the Plan this payment is payable for life, commencing on the day following your retirement.

Any dependant's pension will start on the day following the date of your death and will be payable for life, unless the dependant is a child in which case the pension will normally cease when the dependant reaches age 18.

Pensions under the plan are normally payable by monthly instalments in advance, and will be taxed as income if the recipient's income makes them liable for tax.

➤ **Leaving the Plan**

9 Benefits on leaving the Plan

If you leave the Plan before your Normal Retirement Age and are not entitled to an immediate benefit as described in Section 6, your fund will be paid-up, i.e. no further contributions can be paid into it but it will continue to accumulate interest until your retirement. At your Normal Retirement Age the accumulated sum, together with any capital growth bonus, will become available to provide your retirement benefits and the various options set out in Section 5 will apply. However, if you die after leaving the Plan but before your benefits become payable, your fund, including interest accumulated up to the date of your death and any capital growth bonus, will be payable normally to your beneficiary or dependants as determined under the Principal Scheme.

Although payment of your benefits is normally deferred until you reach Normal Retirement Age, you will receive immediate payment of your benefits from the Plan if your benefits from the Principal Scheme become payable.

Whilst your benefits under the Plan are deferred, you will receive a statement of your fund every year. If you change your address at any time before your Normal Retirement Age, please inform both your former Employer, through your HR department and also the Pensions Administration Office at Thurso.

10 Transfer of benefits

As an alternative to the paid-up account described in Section 9 above, you can choose to have the cash value of your fund, as determined by Prudential, either:

(i) transferred to your new employer's scheme provided that the new scheme is willing to accept the transfer payment; or

(ii) transferred to a personal pension scheme, or to a suitable individual policy in your own name, with a life insurance company of your choice.

You may only choose to transfer your Plan fund if you choose similarly to transfer your Principal Scheme benefits, and vice versa.

➤ **Benefits on death in service**

11 Death in service

If you die in service with your Employer, including service beyond your Normal Retirement Age if your Employer requires you to work beyond that age, but that service is not Plan Service because you are not contributing to the Plan, your fund will be payable as a lump sum, including any interest accumulated to your date of death and any capital growth bonus, subject to Inland Revenue limits.

12 Death in Plan Service on or before your Normal Retirement Age

If you die while in Plan Service (i.e. whilst contributing to the Plan), on or before your Normal Retirement Age and your fund is less than twice the annual equivalent of your Pensionable Shift Pay, determined at the previous 5 April, a life assurance benefit will be payable to bring the value of your fund to that level.

If you cease to receive Pensionable Shift Pay your cover for the life assurance benefit will be maintained until the following 5 April, but will then cease.

The life assurance cover will not usually be extended beyond your Normal Retirement Age, even if you remain in Plan Service.

13 Payment of lump sum benefits on death in service

You may indicate to whom you would like any discretionary lump sum from the Principal Scheme and the Shift Pay Pension Plan paid, if you die in service, by completing a Death Benefit Nomination form. (Payment of any such lump sum may then be made to that person as soon as the death certificate is received.) If you have not already done so you are strongly advised to complete a Death Benefit Nomination form available from the Pensions Administration Office, Thurso or your HR department. If you wish to change your nominee this may be done at any time. You should note that a fresh Nomination form will be required after marriage or divorce, even if the nominee remains the same.

If there is a valid nomination, the benefit will normally be paid to that person. You should make sure that your nomination is up to date and reflects your wishes for the distribution of the lump sum payment from the Principal Scheme and the Plan if appropriate.

If you have not made a nomination your legal representative would receive any lump sum payments.

➤ **General Information**

14 Temporary absence

Maternity leave

If you are a female Member who is in Plan Service when your maternity leave commences, you will continue to be covered for the life assurance benefit under Section 12 during any period for which you receive statutory maternity pay or any contractual pay from your Employer. Any period for which you receive statutory maternity pay or contractual pay from your Employer will be treated as Plan Service and any benefits arising from that service will be calculated as if you had been working normally.

The contributions you will be required to pay to the Plan (see Section 1) will be based on the amount you are actually paid during this period. However, your Employer's contributions to your fund for this period will continue at the level that would have applied if you had been working normally.

15 Constitution

The Plan is a statutory pension scheme and is administered in accordance with Section 8 of the rules described in the Combined Pension Scheme. A copy of the pension scheme rule book is available on request.

This booklet contains an outline of the Plan but the full provisions of the Plan are set out in the Rules of the Principal Scheme and in the event of doubt, the provisions of the latter will prevail.

16 Revenue approval

The Revenue has approved the Plan under Chapter 1 Part XIV of the Income and Corporation Taxes Act 1988.

17 Title to benefits

All benefits under the Plan are personal and cannot be offered as security for loans, etc. or assigned, other than to an ex-spouse, to the extent necessary to comply with a Pension Sharing order, or agreement, or equivalent provision.

18 Amendment or termination

While the Employer intends to continue the Plan indefinitely, it reserves the right to amend or terminate the Plan at any time in accordance with the provisions of the Rules. You will be notified in writing of changes which affect you.

If the Plan is terminated, cover for the life assurance benefit will cease. However, your fund will remain invested in paid-up form until it is used to provide benefits for you or your dependants.

19 Change of address

It is your responsibility to ensure that the administrators know of any change of your address. This is particularly important if you leave the Plan before retirement, and also at retirement when benefits are due to be paid. If the administrators do not have your correct address, they will not be able to make the appropriate payments. You should notify the UKAEA Pensions Administration Office and your former Employer of any change of address, if you leave the Plan and your Employer before your Normal Retirement Age. The address of the UKAEA Pensions Administration Office is: Brownhill Lodge, Thurso, Caithness, KW14 7BA.

➤ **Other sources of advice or assistance**

Internal Disputes Resolution Procedure

It is a requirement of the Pensions Act 1995 for all pension schemes to have in place a formal procedure for the resolution of disputes. The Dispute Resolution Procedure for the Plan is the same Procedure which also applies to the Principal Scheme. An outline of that procedure is set out in the Member's Handbook for the Combined Pension Scheme. Please note, however, that the person to whom first stage disputes should be addressed is Pensions Manager, UKAEA Pensions Administration Office, Thurso, Caithness, KW14 7BA.

The Pensions Advisory Service (TPAS)

The Pensions Advisory Service (TPAS) operates primarily through the Citizens Advice Bureau network and is available to assist members and beneficiaries of pension schemes, with any pensions query they may have. TPAS is also available to assist members, beneficiaries and the managers or administrators of occupational or personal pension schemes, to resolve grievances relating to pension matters, which cannot be resolved directly by the parties concerned. TPAS may be consulted at any time, including before or at any time while a dispute or disagreement is being dealt with under the Internal Dispute Resolution procedure relating to the Plan.

If there is not a Citizens Advice Bureau locally, you may contact TPAS directly at 11 Belgrave Road, London, SW1V 1RB.

Pensions Ombudsman

A Pensions Ombudsman has been appointed to oversee disputes between individuals and administrators or managers of occupational or personal pension scheme which cannot be resolved on a voluntary basis. The Pensions Ombudsman is able to investigate and decide cases where maladministration is alleged. The Pensions Ombudsman also deals with disputes of fact or law including the interpretation of the rules of the scheme. Any decision made by the Ombudsman will be legally binding on all parties concerned, except that an appeal on a point of law may be made to the High Court.

The Pensions Ombudsman should only be contacted if TPAS has been unable to settle the dispute.

The address of the Pensions Ombudsman is 11 Belgrave Road, London, SW1V 1RB.

Pensions Tracing Registry

A register of occupational and personal pension schemes has been established as part of a pensions tracing registry, to help individuals who have lost touch with their previous employers' pension arrangements to trace their pension rights.

In response to enquiries from individuals, information contained on the register will be used to determine the most likely location of their benefits.

The Principal Scheme has been registered with the Registrar of Pension Schemes for this purpose and appropriate supplementary information supplied to the Registrar.

Individuals wishing to use this service should apply in writing to The Registrar of Pension Schemes, PO Box 1NN, Newcastle-upon-Tyne, NE99 1NN, using application form PR4 (copies of which are available from TPAS or the Registrar).

If you were a member of the Plan prior to 6 April 2006, you may be able to receive more than 25% of the fund as cash subject to Revenue limits.

