shps

A Guide for Members

Defined Benefit for CARE and Final Salary

Social Housing Pension Scheme

Administered by The Pensions Trust

A Guide for Members

Defined Benefit for CARE and Final Salary

The Social Housing Pension Scheme (SHPS)

The Social Housing Pension Scheme (the Scheme) has been designed to provide security for you during your retirement and for your dependants in the event of your death.

This Guide provides information about the 'Defined Benefit' structures of the Scheme.

This Guide gives general guidance only, and it should not be regarded as a complete or authoritative statement on the formal Trust Deed and Rules. It is provided to all members and prospective members and consolidates and replaces previous scheme booklets, announcements and leaflets.

This Guide consists of this booklet and loose leaf inserts describing the Defined Benefit structures available under the Scheme. Your employer will tell you which benefit structure you may join.

If you have any general enquiries about joining the Scheme please contact the individual who deals with pension matters in your organisation.

The Scheme is administered by dedicated SHPS Teams at The Pensions Trust. Should you have any other queries or require further clarification or detailed information about your own benefits you should contact:

The Social Housing Pension Scheme
The Pensions Trust
Verity House
6 Canal Wharf
Leeds
LS11 5BQ
Telephone: 0845 608 5252
Email: enquiries@thepensionstrust.org.uk
www.shps.org.uk or www.thepensionstrust.org.uk

All of the forms referred to in this Guide are available from the contact details above or to download from www.shps.org.uk > Document Library > Employee Literature.

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Joining the Scheme

Can I join the Scheme?
You can join the Scheme as long as you:

- work for a participating employer;
- are aged between 16 and 64 (inclusive); and
- have completed any minimum period of service specified by your employer (this will never be more than twelve months after you started work).

When can I join?
You can join when you fulfil the conditions specified by your employer. If you do not join within one year of becoming eligible, you may be allowed to join later if your employer and the SHPS Pensions Committee agree. This will be subject to a minimum of three months' service unbroken through illness and any other conditions that the SHPS Pensions Committee may impose.

Every member is bound by the obligations of the formal Trust Deed and Rules and the Scheme Document. Copies are available on the SHPS website at www.shps.org.uk.

How do I join?
You can apply to join by completing the employee section of the Employee Application Form. Your employer can provide one or you can download it from www.shps.org.uk > Document Library > Employee Literature. You must pass the completed form to your employer for verification. The Pensions Trust will process your application and issue a Membership Certificate. This will confirm your date of joining. Your employer will arrange for pension contributions to be deducted from your pay through payroll from your start date.

What benefit structure can I join?
Employers can offer one open Defined Benefit structure and the Defined Contribution benefit structure if they wish. This Guide applies to the Defined Benefit structures. Your employer will tell you which Defined Benefit structure is available for you to join. If you are applying for membership of the Defined Contribution benefit structure please refer to the booklet 'A Guide for Members – Defined Contribution'.

How much do I pay?
The Scheme Actuary reviews contribution rates every three years and a total contribution rate is calculated.

Your employer decides what proportion of the total you will need to pay. Please contact the individual who deals with pension matters in your organisation for this information.

The net cost to you will be reduced because you make savings on tax and National Insurance.

The table opposite provides some examples of the gross and net cost of membership.

You may, if you wish, pay extra contributions in order to boost your pension. These extra contributions are known as Additional Voluntary Contributions (AVCs). Further details are provided later in this booklet and in a separate Guide available from The Pensions Trust, How to boost your pension – 'A Guide for Members'.

Example Contribution Rates Pensionable Earnings of £15,000	5%	6%	7%
Gross Contributions	£750.00 a year	£900.00 a year	£1,050.00 a year
You receive tax relief at 20%* and save	£150.00 a year	£180.00 a year	£210.00 a year
You will pay lower National Insurance contributions (2010/11 level*), saving	£159.94 a year	£159.94 a year	£159.94 a year
The actual cost to you will be	£440.06 a year	£560.06 a year	£680.06 a year

* Subject to change. Those members in the higher tax bracket currently receive tax relief at 40%.

Note: If you joined the Scheme before October 1997 please see the enclosed insert(s) applicable to your membership.

How much does my employer pay?

Your employer pays the balance of the cost of the Scheme, which will vary from time to time and includes the cost of providing life assurance benefit and all administration costs. Your employer will also pay lower National Insurance contributions as a result of the Defined Benefit structures of the Scheme being contracted-out of the additional State Pension (also known as the State Second Pension or 'S2P').

How your contributions are calculated

Your pension contributions will be calculated and deducted by your employer through payroll and therefore tax and National Insurance savings are immediate. Your actual contributions will be the member contribution percentage multiplied by your pensionable earnings (see 'Definitions') each pay period.

The total cost of funding the Scheme is shared between you and your employer. Your employer determines how the contributions will be split.

Rejoining

If you leave the Scheme but remain in the same employment (opt out), and then ask to rejoin, the consent of your employer and the SHPS Pensions Committee is required and conditions may be imposed.

Any periods of membership which began before 1 April 2007 may be combined when your benefits are paid where this results in a higher pension.

Periods of membership which began on or after 1 April 2007 will be treated separately. If you received a refund of contributions on opting out, no benefits would remain in the Scheme for the earlier period of membership.

Can I transfer previous benefits into the Scheme?

The Scheme will not accept transfers into the CARE and Final Salary benefit structures after 1 April 2010. It may be possible to transfer benefits into the Defined Contribution benefit structure but conditions will apply. Please contact the Member Process Team at The Pensions Trust if you want to investigate this further.

Neither your employer nor staff at The Pensions Trust are registered to provide financial advice. Transferring pension benefits is a complex area and it is recommended that you seek advice from an independent financial adviser. You can find details of local registered independent financial advisers on www.unbiased.co.uk.

Leaving

What happens if I leave the Scheme?

You can leave the Scheme for a number of reasons including because you change jobs or because you decide to leave the Scheme (opt out) and continue to work for your employer. In these cases you can choose to:

- have a deferred pension; or
- transfer your benefits to another pension arrangement; or
- take a refund of any contributions you may have paid to the Scheme subject to deductions, but only if you leave the Scheme with less than two years' qualifying service.

Please note: If you choose to opt out of the Scheme, you must give your employer one month's written notice. You may only rejoin the Scheme if your employer and the SHPS Pensions Committee agree, and your membership may be subject to conditions imposed by the SHPS Pensions Committee.

What is a deferred pension?

A deferred pension is a benefit calculated for you on leaving service based on the service you have completed as a member of the Scheme and your pensionable earnings. This pension will remain in the Scheme and become payable at Normal Pension Age (NPA). You can apply for early payment of the deferred pension anytime after age 55. See 'Retirement' for further details.

The actual amount of your deferred pension will depend on the benefit structures you have been a member of during your membership of the Scheme. Please refer to the enclosed insert(s) applicable to your membership for further details.

How does my deferred pension increase?

If you joined the Scheme before 6 April 1997 part of your deferred pension will be a Guaranteed Minimum Pension (GMP). The GMP part of your pension is increased by statutory revaluation (4% from April 2007) for each complete tax year until you retire.

Any deferred pension in excess of the GMP will increase between date of leaving and retirement by the lower of 5% or the rise in the Pensions in Deferment Index (see 'Definitions') measured over the whole period from date of leaving to retirement date.

Transfer of your benefits

You may transfer your benefits to another pension arrangement (such as your new employer's pension scheme or to a personal or stakeholder pension plan) at any time after you leave the Scheme, but before you take your pension.

Defined Benefit transfer values are calculated as the best estimate of the cash sum that would need to be invested in order to reproduce your benefits at retirement. A Statement of Entitlement to a guaranteed cash equivalent transfer value of your benefits will be provided on request. You will need to pass the information provided to the administrator of your new pension arrangement to investigate if the transfer can proceed.

Refund of your contributions

If you have less than two years' qualifying service you will have the option to take a refund of your own contributions to the Scheme (but not your employer's) plus interest (see 'Definitions'). Qualifying service includes your period of membership of this Scheme and other schemes of The Pensions Trust plus service in a previous scheme where you have transferred these benefits into SHPS. If you have transferred benefits from a stakeholder or personal pension plan to SHPS you cannot take a refund of your contributions.

There are two deductions from the refund:

- tax will be deducted at a rate of 20% (or 50% on any refund amount in excess of £20,000); and
- an amount which will buy you back into the additional State Pension (known as State Second Pension).

Note: If interest is included with your refund, you will need to notify your tax office of the amount of interest you receive. This is because the law now requires that gross interest is paid. Your tax office will subsequently notify you of any tax charge applicable to this sum.

Changing jobs

If you change jobs and take up a position with an employer who also participates in the Scheme, and you rejoin the Scheme within 30 days of your date of leaving, you might not have a break in your membership or life assurance cover.

Retirement

You don't have to leave your job in order to draw your pension. With the exception of ill-health early retirement and Protected Pension Age (see 'Definitions') retirements, any reference to retirement in this Guide includes those members who choose to receive their pension benefits and continue working, as well as those members retiring in the more traditional sense (i.e. stopping work).

When can I retire?

The Normal Pension Age (NPA) under the Scheme is 65. This is the age that will be used for normal funding purposes for scheme benefits. If your pension does not start until after NPA, it could be more – and if it starts before NPA, it will be less than the normal retirement pension.

The information below explains when you can take your pension. However, the age at which you choose to retire is an employment issue, and you should discuss this with your employer.

What will I get?

The calculation of your pension depends on which benefit structure(s) you have been a member of, for how long, and your pensionable earnings. For Final Salary benefit structures, benefits are based on your Final Pensionable Earnings at your date of retirement. For CARE benefit structures, you will have built up pension amounts based on your pensionable earnings each year. Please see the enclosed Benefit Structure Insert(s) applicable to your membership for further details.

Can I take a cash sum at retirement?

Yes, when you retire you can give up part of your pension and exchange it for a Pension Commencement Lump Sum (PCLS) which is usually tax free under current legislation. This will leave you with a smaller pension.

The PCLS was previously known as your tax-free cash sum. However, it is now possible for a tax charge to apply, but only if your pension savings exceed the Lifetime Allowance (see 'Definitions').

The maximum lump sum available is 25% of the value of your pension benefits.
Taking a PCLS at retirement will leave you with a reduced pension. The calculation is not straightforward. The table below shows comparisons between a full pension (Option 1) or a PCLS with a reduced pension (Option 2) for an individual aged 65. Please note: These figures are provided only as examples.

Option 1	Option 2	
Full Pension	**Maximum Cash Lump Sum**	**Reduced Pension**
£5,000 per year	£21,440	£ 3,216 per year
£10,000 per year	£42,881	£ 6,433 per year
£15,000 per year	£64,322	£ 9,650 per year

Flexible retirement

In most cases members are able to take part of their pension whilst continuing to work. If they wish to, they can remain a member of the Scheme and accrue further pension benefits. Exceptions to this are ill-health retirements, and from those members with a Protected Pension Age (see 'Definitions') who retire before age 55. The option to draw some pension is only available once in a 12-month period. Enquiries in the first instance should be directed to the Member Process Team at The Pensions Trust on 0845 608 5252.

Please note: This should not be confused with the right to have your pre 1 April 2002 benefits paid with no reduction from age 60. This option is also sometimes referred to as 'flexible retirement'.

Pension choice

The Defined Benefit structures provide for a survivor's pension, payable in the event of your death. (Where members, who joined before October 1997, have paid reduced contributions the survivor's benefit payable will be the statutory minimum.) If you do not wish to provide for a survivor's pension, when your pension starts you may have the option to give up part of the survivor's benefit and take an increased pension for yourself. Details are provided to all eligible members at retirement. A statutory minimum pension must be paid to a legal spouse or civil partner.

Are there any other options?

You can give up part of your own pension to provide a higher level of dependants' pension payable following your death. If you are interested in this option, you should request a quotation from the SHPS Member Process Team before starting your pension.

Can I contribute after NPA?

Yes, if your employer agrees to you continuing to work after age 65, you may continue as a member and contribute to the Scheme until your 75th birthday. You must take your pension by age 75, even if you continue to work.

If you work beyond age 65 your pension from the Scheme at age 65 will be increased by a late retirement factor, and you will receive additional benefits based on your pension earned after age 65.

Death benefits will continue to be provided on the same basis as they were before age 65 up to the date you leave, or age 75 if earlier.

Can I retire early?

Yes you can take early retirement from age 55 even if you choose to continue working. You may take your pension benefits between ages 50 and 55 if you have a Protected Pension Age (see 'Definitions') and have left employment to which your membership relates, or at any age if you are retiring on grounds of ill-health (subject to approval). Your pension will usually be lower than at NPA because it will be reduced to allow for the fact that pensions paid early are expected to be paid for longer.

What happens if I am too ill to continue working?

Provided there is satisfactory medical evidence that you are and will continue to be unable to work again in any capacity, your pension can be paid immediately regardless of your age. Guidance on eligibility is available on request and your doctor will be asked to provide medical evidence for consideration.

Your ill-health pension will be calculated based on the benefit structure(s) you have been a member of, the period of membership up to your date of retirement, plus an additional amount of service equal to half of the prospective service that you would have completed from that date to age 60. The pension is calculated using your Final Pensionable Earnings (see 'Definitions') at the actual date of retirement.

If your pension starts early due to ill-health, you still have the option to take a Pension Commencement Lump Sum (PCLS).

If a pension is awarded under these provisions, the SHPS Pensions Committee will monitor any earnings you receive and may adjust your pension if you are later able to take other employment. The SHPS Pensions Committee may periodically request updated medical evidence on your state of health and has the discretion to reduce or suspend your pension if your eligibility changes.

Can my deferred pension be paid early?

You may also apply for early payment at any age if you are too ill to continue working and have a deferred pension. If your application is successful, your deferred pension will not be reduced for early payment.

You can apply for early payment of your deferred pension at any time after age 55 (50 if you have a Protected Pension Age – see 'Definitions'). The pension payable would be increased by the Index subject to a maximum of 5% for each year from your date of leaving to actual retirement date and then be reduced to take account of the fact that your pension will be payable for longer than if it started at NPA. Certain restrictions may apply and you may not be able to take your deferred pension early if it is not sufficient to cover the statutory minimum pension the Scheme is obliged to pay. You will be advised if your application is unsuccessful.

You may have the option to take a PCLS and reduced pension subject to the minimum pension conditions being satisfied. You will be advised of your options once your application for early payment of your deferred pension is processed.

Death Benefits

What benefits are payable if I die before retiring?
If you die while in employment and have not opted out or left the Scheme, as a member of a Defined Benefit structure the benefits payable are:

1) Lump sum death benefit
    - three times your pensionable earnings at the date of your death; and
    - a refund of your own contributions, with interest (see 'Definitions').

2) Survivor's pension
    - 50% of the pension you would have received, calculated based on the pension earned up to the date of death, plus the prospective pension from that date to age 65. The pension is calculated using your Final Pensionable Earnings (see 'Definitions') as at your date of death.

3) Children's pensions
    - 12.5% of the pension you would have received, calculated based on the pension earned up to the date of death, plus the prospective pension from that date to age 65. The pension is calculated using your Final Pensionable Earnings (see 'Definitions') as at your date of death.

      This would be paid to each of up to four dependent children. If no survivor's pension is payable the children's pensions are doubled.

What if I die after leaving the Scheme?

If you die after leaving the Scheme but before you start receiving your pension the benefits payable are:

1) Lump sum
    - A refund of your own contributions with interest (see 'Definitions').

2) Survivor's pension
    - 50% of the pension you would have received, based on the value of your deferred pension at the date of your death.

3) Children's pensions
    - 12.5% of the pension you would have received, based on the value of your deferred pension at the date of your death, would be paid to each of up to four dependent children. If no survivor's pension is payable the children's pensions are doubled.

What benefits are payable if I die after retiring?

If you die after your pension has started the benefits are:

1) Lump sum
    - If you die within five years of retiring, a lump sum death benefit is payable equal to the unpaid balance of the five years' pension payments, at the rate applicable at the date of death. Lump sum payments cannot be made if death occurs after age 75.

2) **Survivor's pension**
   - 50% of your pension, calculated on your full pension before you took any Pension Commencement Lump Sum (PCLS) and including increases in your pension.

3) **Children's pensions**
   - 12.5% of your pension (calculated on your full pension before you took any PCLS and including increases in your pension) would be paid to each of up to four dependent children. If no survivor's pension is payable the children's pensions are doubled.

Important notes

- If you joined the Scheme before 1 October 1997 a full survivor's pension will only be provided if you paid full-rate contributions. For any period when you paid reduced rate contributions only the statutory minimum spouse's pension will be payable.

- If you opted to give up part of the survivor's pension when your own pension commenced only the statutory minimum spouse's pension will be payable.

- The regulations governing schemes which are contracted-out of the additional State Pension require that the spouse's/civil partner's GMP, or Reference Scheme pension for service from 6 April 1997, must be paid to your legal spouse or civil partner at the date of your death.

- If your survivor is more than ten years younger than you, the pension will be reduced by 2.5% for each year in excess of ten that he/she is younger.

- Except for legal spouses and civil partners, it will be necessary for the Trustee to receive confirmation that the nominee for a pension is eligible at the date of the member's death.

Who will receive the benefits payable on my death?

The lump sum death benefits are payable at the discretion of the Trustee. Under current legislation this means that they do not form part of your estate for inheritance tax purposes. You can help the Trustee by completing a Nomination Form detailing the beneficiaries you would like to be considered.

Nominations

- Your nominations should be provided in writing, preferably on a Nomination Form.

- Separate nominations are required for lump sums and pensions (even if you have nominated the same person to receive both). The same form can be used for both.

- You should ensure your nominations are kept up to date if your personal circumstances change. If you wish to make any changes to your nomination or a nominee's address, please notify The Pensions Trust in writing by completing a new Nomination Form.

- Nomination Forms are available from the Member Process Team at The Pensions Trust or can be downloaded from the website at www.shps.org.uk > Document Library > Employee Literature.

Who can I nominate?

Lump sum
- you can nominate one or more persons or organisations;
- if you choose more than one you must state the percentage you want each person or organisation to receive;
- you should not use the words ‘Executor’, ‘Administrator’, ‘In Trust for’ or ‘Estate’ for your nomination, but the proper names of persons or organisations.

Survivor’s pension may be paid to:
- your spouse or civil partner; or
- a child who is disabled and is unable to earn a living (in this case the child would be paid the survivor’s pension, but not the child’s pension); or
- you may nominate a dependent child to receive the survivor’s pension, but this would stop when he or she ceased to be treated as a ‘Child’ as described below (Please note: The child would receive the survivor’s pension in place of the child’s pension); or
- anyone who lives with you and shares living expenses; or
- anyone who is largely financially dependent on you.

Children’s pensions may be paid to:
- any child who is aged under 18; or
- any child below age 22 if in full-time education; or
- a child of any age who is disabled and unable to earn a living, unless the child is already receiving a survivor’s pension.

Children’s pensions stop on reaching age 18 or 22 as described, unless the child is disabled and unable to earn a living, when the pension can continue for the rest of that child’s life.

Paying Your Pension

How will my pension be paid?

Your first payment will be made up to seven working days after the date your pension was due to start, or from the receipt of the appropriate forms if later, to cover the period from your retirement date to the next quarterly payment date. Payment is subject to receiving all necessary forms, including a Withdrawal Form from your employer and relevant certificates. Your first pension payment will include any lump sum you have elected to receive.

After this pensions are paid quarterly in advance on 6 January, 6 April, 6 July and 6 October. They will be paid direct to your bank or building society account. It is not usually possible to pay your pension to a bank or building society account that is not in your name.

If tax is due on the pension then it will be deducted under the PAYE system. Details of the PAYE reference number and relevant tax office dealing with the SHPS pension payments will be provided with confirmation of your pension at retirement.

Will my pension increase?

Pensions are reviewed each year and any increase granted is applied on 6 April. Increases are based on the rise in the Pensions in Payment Index each January. If the change in Index is zero or negative then the pension will remain the same; it will not be reduced.

How does my pension increase?

Occupational pension schemes that provide benefits on a Defined Benefit basis are required to increase any pension accrued since 6 April 1997 by at least Limited Price Indexation (LPI) (see 'Definitions'). However, the SHPS Pensions Committee has chosen to pay increases on all pension accrued in the Scheme.

The increases explained below apply to your own retirement pension, your survivor's pension and any children's pensions.

In some cases different rules will apply for increases to your GMP if your pension is paid overseas.

Once in payment, your pension will be reviewed each year and be subject to increases as follows:

Before State Pension Age –

- The whole of your pension will increase by the lower of 5% or the rise in the Pensions in Payment Index (see 'Definitions').

After State Pension Age –

- The GMP part of your pension, if any, is guaranteed to increase each year by the rise in the Pensions in Payment Index measured each September. This increase is paid partly by the State and partly by the Scheme.

- Any pension in excess of the GMP will increase by the lower of 5% or the rise in the Pensions in Payment Index. This increase is paid by the Scheme.

Please note: Pension earned in respect of service from 6 April 2005 is increased on the first increase date following your retirement on a pro-rata basis.

For example, if you retire on 1 October (six complete months before the increase date of 6 April), the increase to your post April 2005 pension will be 6/12ths of the full rate of increase awarded.

Any pension earned in respect of service prior to 6 April 2005 will receive the full rate of increase.

Boosting Your Pension - Additional Voluntary Contributions (AVCs)

AVCs are a tax efficient way of saving for retirement.

Should I pay AVCs?

You should remember that these contributions are for extra provision for retirement. You should not pay them if you cannot afford to wait until retirement to have access to your contributions.

There are various reasons for choosing to pay AVCs. These include:

- increasing the pension you will receive at NPA; or
- to offset the reduction which is applied to pensions paid early; or
- to boost your pension in order to reduce the impact of previous breaks in employment or periods where you did not have access to a pension scheme.

The Pensions Trust cannot give financial advice and the decision to pay AVCs is your responsibility. You may wish to discuss this with an Independent Financial Adviser (IFA). You can find details of local IFAs at www.unbiased.co.uk.

How much can I pay?

You will receive full tax relief on contributions to as many different tax-registered pension arrangements as you choose, provided that the total paid in each year does not exceed your annual earnings or the Annual Allowance (see 'Definitions').

As long as the total increase in your benefits in any one year does not exceed the Annual Allowance, you will receive tax relief on up to 100% of your earnings. For example, if your normal contribution rate to SHPS is 7%, this will give you scope to pay up to a further 93% of your earnings as tax-free AVCs.

If your contributions exceed 100% of your earnings in any tax year then tax on the excess, at your marginal rate, is payable through self-assessment.

If you are a high earner, please also read the section on 'Annual Allowance' (see 'Definitions').

Who do I pay AVCs to?

You can pay AVCs to The Pensions Trust or you can pay contributions to an alternative pension provider of your choice. Your employer will offer one or more suitable arrangements for AVCs administered by The Pensions Trust. If you select from these options the AVC will be deducted via payroll along with your normal pension contributions and tax relief will be gained immediately. If you choose an alternative provider you will need to make your own arrangements to pay directly with the provider and reclaim the tax relief via self-assessment. Full details of the options available to you, and further information about AVCs, will be provided by The Pensions Trust on request.

How do I pay AVCs?

Your AVCs to The Pensions Trust will be deducted from your salary in the same way as your normal contributions, which means you benefit from tax relief immediately. They are usually a percentage of your salary and can be stopped, started, increased and decreased on request.

The Pensions Trust can accept lump sum payments of AVCs instead of regular monthly payments. However, these payments must be made via your employer's payroll in the same way as we receive your main contributions. The Pensions Trust cannot receive personal payments or cheques direct from members.

Before making any payment you will need to complete an AVC Application Form available from the Member Process Team or at www.shps.org.uk and pass it to your Payroll Team.

What do my AVCs buy?

Your AVC fund will be used to provide additional benefits. The amount of pension will depend on variable factors such as:

- how much you pay;
- the investment return;
- the size of your AVC fund; and
- the cost of buying a pension when you retire.

After you start paying AVCs you will receive an annual statement which will include, where appropriate, a pension projection on stated assumptions. A Defined Contribution pension projection calculator is available on the SHPS website which you can use to provide an indication of expected benefits. These illustrations are indications only and are not guaranteed.

The AVC pension is usually payable from the same date as your main scheme benefits although AVC benefits can be taken on, before or after retirement. The AVC pension will be provided by buying a pension from an insurance company. The pension will be paid to you directly by your chosen pension provider.

Can I take my AVCs as cash?

You will be entitled to take up to approximately 25% of the value of your AVCs as a lump sum. This will be tax-free provided your overall benefits do not exceed the Lifetime Allowance (see 'Definitions').

How can I find out more?

A separate Guide providing further information about AVCs is available on request or can be downloaded from the websites at www.shps.org.uk or www.thepensionstrust.org.uk. Full contact details are provided on the back cover of this booklet.

What if...

What if I work part-time?

If you work part-time your employer would have provided details of the hours you worked, and when, whilst you were a member of the Scheme. Your pension contributions will be based on your actual part-time pay. When your benefits are calculated the service and pensionable earnings will be converted to full-time equivalent amounts so that each period of part-time and full-time working is included proportionately. Further details are included on the enclosed insert(s) applicable to your membership. Whilst you work part-time any death benefits will be based on your actual part-time pay and any prospective service will be included assuming no change to the hours you worked at the date of your death.

What if I divorce?

The courts may order that your pension rights must be shared with your ex-spouse. An information leaflet is available on request or from the SHPS website at www.shps.org.uk. Full contact details are provided on the back cover of this booklet. Members should take appropriate legal advice. On the dissolution of a civil partnership, the same pension sharing rules as those used for divorce will apply.

What if I take maternity leave?

For the first 26 weeks (or as the SHPS Pensions Committee determines):

- you will not pay contributions to the Scheme;
- your membership will continue as normal and benefits will be based on the earnings you would be receiving if you were not on maternity leave; and
- if you return to work before the end of this period, contributions must resume immediately.

For the period from 27 weeks to 39 weeks after your maternity leave started, if you are receiving pay from your employer, contributions should be deducted from this at your usual percentage rate, but only on the actual pay you receive. Your contributions may therefore be lower than normal.

Your employer is required to pay its full contribution, i.e. as though you were working normally, plus any shortfall in your contribution. Therefore in cases where you receive no pay, your employer must pay the full combined (member plus employer) contribution.

Please note: If you return to work before 39 weeks' absence, your normal contributions must resume immediately.

During weeks 40 to 52, unless you are still receiving pay from your employer, no contributions are due and no benefits will accrue.

On your return to work your employer should resume deducting contributions as normal.

If you wish to pay arrears of contributions to cover any period of unpaid maternity leave, your employer has discretion over whether or not to pay its contributions. Please note: If your employer declines to pay, you may, if you wish, pay the employer's share. If anything less than the full amount is paid, your benefits will be adjusted to reflect the proportion of the full contributions that has been paid.

If you die while on maternity leave the full range of death benefits will be paid. This would be based on the rate of earnings you would be receiving if you were not on maternity leave.
If you decide not to return to work your membership will continue up to week 39 of your maternity leave or later where you have continued to be paid.

What if I take family leave?

In the rules, family leave means leave that men or women are entitled to take by law – either paternity leave when a child is born, adoption leave or parental leave to care for a child. If such leave is paid, the rules apply as for maternity leave. If unpaid, the rules apply as for any other temporary absence, see next section.

If you die whilst on family leave the full range of death benefits will be paid. These would be based on the rate of earnings you would have been receiving if you were not on family leave.

What if I am absent from work?

If your absence is due to illness or injury, or you are on family leave as allowed by law, and your pay ceases, contributions will stop. When you return to work you will have the option to pay the contributions missed. If you opt to do so, your employer may, at its discretion, also choose to pay the employer contributions missed.

If both you and your employer pay full contributions, you will have full benefits for the period of absence. Please note: Should your employer decline to pay arrears, you may, if you wish, pay the employer's share to provide full service.

If anything less than the full amount is paid, your benefits will be adjusted to reflect the proportion of the full contributions that has been paid.

Should you choose not to pay the contributions missed, you will not accrue any pension benefits for that period.

Where your absence lasts for less than three years the full range of death benefits will be payable.

If your employer approves any other leave of absence you may be able to continue your membership of the Scheme for a period of up to three years. This is subject to the agreement of the SHPS Pensions Committee.

After three years' absence you will be treated as a leaver, as described in the 'Leaving' section of this booklet. Your date of leaving the Scheme will be the earlier of the date at which your pension contributions stopped or the date you had been absent for three years. The only exception to this is where your absence is due to illness or injury, in which case you may remain in the Scheme indefinitely subject to your employer agreeing to make the necessary payments.

What if I joined the Scheme before 1 October 1997?

If you joined the Scheme before 1 October 1997 you had the option to pay reduced contributions in return for giving up some of the dependants' pension benefits that would be payable on your death.

Please see the enclosed insert(s) applicable to your membership for further details.

Further Information

The SHPS Pensions Committee

The Social Housing Pension Scheme Pensions Committee (the Committee) is responsible for managing the Scheme. The Committee includes:

- three members elected by active and deferred members;
- three members elected by employers;
- one member elected by the Scheme's pensioners;
- one nominee from each of the National Housing Federation and Community Housing Cymru; and
- up to two co-opted members.

Elections are held every two years. The Committee also employs its own Scheme Adviser. Invitations to make nominations are issued at the appropriate time.

The Committee decides what benefit structures the Scheme will offer and the contributions payable, and ensures that the Scheme is adequately funded.

Who looks after the Scheme?

The day-to-day administration is entrusted to The Pensions Trust which has been administering pension schemes since 1946. The Pensions Trust is directly answerable to its members - the employers who choose its pension schemes and the active members, pensioners and deferred members who belong to these schemes. The Pensions Trust is not an insurance company.

Scheme registration

From 6 April 2006, the Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004. The Pension Scheme Tax Reference is 00281218RV.

Are there any restrictions on benefits?

HM Revenue & Customs no longer impose limits on the pension benefits you can receive. However, if the value of your benefits from all tax-registered schemes exceeds the Lifetime Allowance, tax charges will apply to the excess. It should be noted that both the Lifetime and Annual Allowances (see 'Definitions') are only likely to affect those with very high earnings and/or significant pension benefits held elsewhere. For example, if your pensions from all tax-registered schemes do not exceed £60,000 a year, you are unlikely to be affected.

There are some restrictions for very high earners that may affect you if you earn £130,000 or more and wish to pay additional contributions. Please contact The Pensions Trust for further information if you think you may be affected.

Can I assign my pension?

No, except where permitted by law on divorce, you cannot sign away your pension rights, even temporarily, for example as security for a loan.

The Trustee Company

The Pensions Trust is governed by a Trustee Company called 'Verity Trustees Limited' (The Trust). There are currently 13 Directors of the Company (all non-executive) - six elected by members, six elected by employers and one co-opted by the elected Directors.

Investments are managed independently by external authorised fund managers. Investment performance is reviewed regularly by the Trust's Investment Committee.

The State Pension scheme and contracting-out

The State provides pensions on two levels:

- the basic State Pension; and
- the additional State Pension.

Basic State Pension

The basic State Pension is a flat rate pension and is based on your National Insurance contributions. It is currently payable from age 65, although a lower age applies to women born before 6 April 1955.

Your entitlement to this pension is not affected in any way by your membership of the Scheme.

Additional State Pension

Before April 2002 the additional State Pension was known as 'SERPS' – the State Earnings Related Pension Scheme.

From April 2002 it is called the State Second Pension (S2P).

Contracting-out

As a member of a Defined Benefit structure of the Scheme your employment is contracted-out of the State Second Pension and as a result you will pay lower National Insurance contributions. This means that you do not accrue State Second Pension during the period you contribute to the Scheme. The minimum level of pension to be provided by contracted-out schemes is determined by a statutory Reference Scheme Test.

For membership before April 1997, a Guaranteed Minimum Pension (GMP) has to be provided.

Pension Tracing Service

Details of The Pensions Trust (and all its pension schemes) have been registered with the Pension Tracing Service and the address is:

Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle-upon-Tyne
NE98 1BA
Telephone: 0845 600 2537

Reference: 10170418

The purpose of this registration is to help individuals trace their pension rights. If you think you have pension benefits with a previous employer's scheme, but have lost contact, the Pension Tracing Service may be able to help.

Rights, obligations and limitations

The rights and obligations of members of SHPS are set out in the Trust Deed and Rules and the Scheme Document which are the formal documents of the Scheme. This Guide is intended to provide a clear and simple explanation of the main benefits you are entitled to under the Scheme.

If there is any conflict between the interpretation given in this Guide and the formal Trust Deed and Rules or the Scheme Document, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules and Scheme Document are available from The Pensions Trust. Full contact details are provided on the back cover of this booklet, or from the websites at www.shps.org.uk or www.thepensionstrust.org.uk.

Before making any financial commitment on the basis of any information provided in respect of retirement benefits, please contact The Pensions Trust for final confirmation of the expected level of benefits. Staff will be pleased to provide any further information or assistance you may need.

The Pensions Trust is not registered under the Financial Services and Markets Act 2000 to give financial advice. Any information that is provided to members or prospective members should therefore be taken to constitute information and not be taken to constitute advice. When providing information to members or prospective members, the Trust takes care to provide an accurate service but the decision and choice remain the individual's, for which The Pensions Trust cannot be responsible.

Data Protection Act

The Act is designed to give individuals rights and protection in request of the use of personal data concerning them.

- Data Controller: the Trustee is the data controller for the purposes of the Act.
- Use of personal data: the data provided by individuals or their employers, or obtained with the consent of individuals, will be used by The Pensions Trust, its Actuary and any necessary third parties are required to enable the Trustee to properly administer the Scheme. Data will be held for as long as necessary to allow the Trustee to answer questions relating to members' benefits.

The Trustee takes appropriate measures to ensure that your personal data is held securely.

Annual Report & Financial Statements

Members receive a summarised version of the Annual Report and Financial Statements each year, but are entitled to the full version that will be provided on request. Alternatively, a copy can be viewed on The Pensions Trust's website at www.thepensionstrust.org.uk > Document Library > General Literature.

Termination

The Scheme is a centralised scheme and is intended to provide long-term security for the benefit of its past, present and future members. If your employer decides to withdraw from the Scheme you will normally be entitled to benefits calculated as if you had left service, subject to the necessary contributions having been paid.

Pension Protection Fund (PPF)

i) The PPF is a fund designed to protect members' rights under company Defined Benefit pension schemes should the employer become insolvent.

ii) The PPF is funded by a levy on company pension schemes that are potentially eligible to benefit from it. The levy on the Scheme will not result in a reduction to your pension.

iii) Benefits payable under the PPF are, briefly, as follows:

- your full pension if you have reached your scheme's NPA or receive an ill-health pension (regardless of your age);
- 90% of the expected scheme pension for all other members, subject to a current (2011/12) maximum of £29,897.00 a year at age 65. This maximum figure is reduced actuarially for those under age 65;
- widow/ers' or survivors' pensions of 50% of the members' pensions; and
- pension earned from April 1997 will increase each year in-line with CPI up to a maximum of 2.5%. Pension relating to service before April 1997 will not be increased under the PPF.

iv) In general, benefits will be paid from the PPF, as opposed to your own scheme, when:

- your employer becomes insolvent, or in circumstances where the Trustee or The Pensions Regulator consider this likely; and
- the assets of its pension scheme are insufficient, i.e. there is not enough money to pay at least the level of PPF benefit described in point iii).

v) Multi-employer schemes (such as SHPS) will only be admitted to the PPF if all the participating employers become insolvent, or if there is concern that all of the employers are unlikely to continue as going concerns.

Complaints

If you have a problem or complaint in connection with your pension, we recommend that you initially discuss this with your usual contact at The Pensions Trust. If they are unable to resolve the matter you may find it helpful to speak to the Pensions Administration (Hydbrid) Manager and/or the Head of Customer Services.

If your complaint cannot be resolved informally and you remain dissatisfied you may at any time follow the formal complaints procedure; this has two stages and is summarised below.

Disputes – Formal Resolution

If you remain dissatisfied, you may request (in writing) a formal resolution from the Chief Executive. A decision should be provided within two months of your formal request.

Appeal

If you remain unhappy or disagree with the formal resolution from the Chief Executive, within six months of the decision you have the right to appeal to the Trustee. The result of your appeal should be provided within two months of your request.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with difficulties they have failed to resolve. The address is:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923
Fax: 020 7592 7000
Email: enquiries@pensionsadvisoryservice.org.uk

Pensions Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to the Scheme where TPAS has not resolved the issue. The address is:

Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7630 2200
Fax: 020 7821 0065
Email: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

TPR is able to intervene in the Scheme administration where the Trustee, employers or professional advisers have failed in their duties. It replaces the previous regulator, the Occupational Pensions Regulatory Authority (Opra), which ceased to exist on 6 April 2005. TPR inherited all the previous powers held by Opra along with some new ones to give it wider scope. The address is:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0870 606 3636
Fax: 0870 241 1144
Email: customersupport@thepensionsregulator.gov.uk

Definitions

Additional Voluntary Contributions (AVCs)
is the name given to any contributions you pay above your 'normal' contributions to the Scheme to secure extra benefits.

Annual Allowance
From 6 April 2011, the Annual Allowance is £50,000, although there will be provision to carry forward unused Annual Allowance from the previous three years. Please contact The Pensions Trust if you require further information.

In defined benefit schemes, such as Final Salary or CARE Schemes, the input value is measured by the increase in the value of the pension over the year. The input value is calculated as the increase in the annual pension amount, allowing for inflation, multiplied by 16.

In defined contribution schemes, such as The Pensions Trust's Growth Plan Series 3 or Series 4, Ethical Fund, Flexible Retirement Plan or Social Housing Pension Scheme defined contribution structure, the input value is the total of all contributions paid in by the member and the employer.

If the amount by which the increase in your input value in any one year exceeds the Annual Allowance of £50,000, and you do not have sufficient unused Annual Allowance from the previous three tax years to cover the excess, you will be liable for an 'Annual Allowance tax charge', even if your contributions are less that 100% of your earnings.

The tax charge on any increase in benefits above the Annual Allowance is payable either through self-assessment, or via a deduction from the benefit where the charge in greater than £2,000.

You will be responsible for reporting any excess growth on your annual self-assessment tax return. You are also responsible for paying the Annual Allowance tax charge, where this charge is less than £2,000. If the charge is greater than £2,000, you can opt for this to be deducted from your benefit by the scheme.

If you should die, become entitled to a serious ill-health lump sum, or retire on the grounds of ill-health where you are not likely to work again, then the input value of the tax year in which the event occurs will not count towards the Annual Allowance.

Benefits
are the pensions and other payments made to members and their dependants on death, retirement and after leaving the Scheme.

Deferred Pension
is the pension secured for you on leaving service and is payable on retirement.

Final Pensionable Earnings
is the yearly average of your last three years' pensionable earnings. This is increased by the rise in the Index in the year ending six months before you retire.

Guaranteed Minimum Pension (GMP)
is that part of your pension, or your legal spouse's or civil partner's pension, which is roughly the equivalent of the SERPS pension for membership before 6 April 1997. The Scheme pays a GMP to you during retirement or to your legal spouse or civil partner after your death as part of the Scheme pension, to replace the SERPS pension. The Scheme must provide at least this level of pension.

Interest
means compound interest calculated annually on the amount of the members' contributions at the end of the preceding September. The rate of interest will vary from time to time. For refunds of contributions on death, interest only accrues up to the date of death.

Lifetime Allowance
During the 2011/2012 tax year, each individual in the UK is allowed to accumulate pension benefits up to a value of £1.8 million without incurring any tax charge. From 6 April 2012, the Lifetime Allowance will be reduced to £1.5 million.

Each year your Benefit Statement will show the value of the pension benefits you have accrued as a percentage of the current Lifetime Allowance. You must also take into account the value of any pension benefits you have from previous pension arrangements in estimating whether you have scope to pay AVCs without any danger of breaching the Lifetime Allowance.

If the Lifetime Allowance is exceeded, a tax charge of 55% will be levied on the excess fund if the benefits are taken as a cash lump sum. If the excess benefits are taken as pension then a tax charge of 25% will be levied, as well as the usual income tax payable on the pension instalments.

If you are concerned that your benefits from all sources may breach the Lifetime Allowance you should consult an Independent Financial Adviser (IFA) as to your best course of action.

Please note: The Pensions Trust and its representatives are not permitted to give financial advice.

Limited Price Indexation (LPI)
is a requirement under the Pensions Act 1995 to pay specified increases on pensions in payment. For pension accrued before 6 April 2005, LPI is defined as the rise in the Pensions in Payment Index up to a maximum of 5%. For pension accrued from 6 April 2005, the law requires (as a minimum) that the Scheme pays increases in line with the Pensions in Payment Index, capped at 2.5%. However, the SHPS Pensions Committee has chosen to continue to pay pension increases on the pre 6 April 2005 basis (i.e. capped at 5%).

Normal Pension Age (NPA)
is age 65 for payment of full scheme benefits.

Pensionable Earnings
is normal gross pay received each year including London Weighting (where applicable), shift pay, contractual bonuses, overtime, allowances and such other emoluments as agreed with the SHPS Pensions Committee, but excluding non-contractual overtime or other such emoluments agreed with the employer.

Pensionable Service
is your period of membership of the Scheme (in years and completed months).

Protected Pension Age
Members who joined the Scheme before 6 April 2006 will have a Protected Pension Age of 50 from 6 April 2010. This will allow these members to retire from age 50 after 5 April 2010, but if they retire before age 55 they will be required to leave the employment to which the pension relates.

Reference Scheme Test
To contract-out, from 6 April 1997 the Scheme must provide benefits at least equal to the Reference Scheme (as defined by legislation for contracting-out purposes).

The SHPS Pensions Committee
is the Social Housing Pension Scheme Pensions Committee. The SHPS Pensions Committee has responsibility for managing the Scheme. See page 19.

The Scheme
is the Social Housing Pension Scheme (SHPS) (formerly known as the NFHA/HC Pension Scheme).

These definitions are provided as a summary. Please see the formal Trust Deed and Rules if further clarification is required.

Notes

Notes

Administered by
The Pensions Trust

Verity House, 6 Canal Wharf, Leeds LS11 5BQ
tel: 0845 608 5252 fax: 0113 234 5598

email: enquiries@thepensionstrust.org.uk
or visit www.thepensionstrust.org.uk
www.shps.org.uk

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