



A helping hand  
with your future

## EMPLOYEE PENSION SCHEME GUIDE

The Legal Services Commission (LSC)  
Staff Pension and Assurance Scheme (No4)

A pension scheme set up by your employer  
providing retirement and death benefits for  
you and your family.

legal services

COMMISSION

Issued by the Trustees of the Scheme  
May 2010

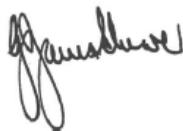
## Important Notification

Notification of Changes to the Employee Pension Scheme Guide for members of The Legal Services Commission Staff Pension and Assurance Scheme No.4

### **Change to the way pensions increase under the scheme**

The Pensions Bill 2011 introduced provisions to change the appropriate measure of inflation used to determine increases granted under the Pensions (Increase) Act 1971. This has the effect of changing the indexation method applied to schemes which use the Pensions (Increase) Act 1971 to increase pensions in line with **the Consumer Prices Index** (CPI) instead of the Retail Prices Index (RPI).

Please be aware that the Employee Pension Scheme Guide currently makes reference to RPI on pages 21, 28 and 35, but in all instances this should now be read as CPI.



Signature on behalf of the Trustees  
Name: **Jim Shearer**

# Important Notification

Notification of Changes to the Employee Pension Scheme Guide for members of The Legal Services Commission Staff Pension and Assurance Scheme No.4 (the "Scheme")

## The Removal of the Default Retirement Age

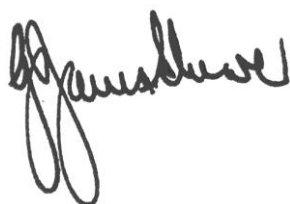
Due to recent changes in age discrimination regulations, with effect from 1 October 2011 employees are no longer required to retire from service at age 65.

The Employee Pension Scheme Guide currently makes reference to a contractual retirement age of 65 on page 18; however there will be no age at which an employee is asked or expected to retire and there is no maximum age for working.

Broadly under the Rules of the Scheme it is possible to retire from employment with the Commission and take your pension and lump sum benefit at any time from age 60 to 65 without any reduction for early payment.

At age 65 (in addition) you can now choose either:

- (a) to terminate contributory membership at age 65 and take your pension and lump sum at 65 while remaining employed by the Commission; or
- (b) continue contributing after age 65 and accruing further pension and lump sum benefits (subject to accruing a maximum of 40 years pensionable service) and take a pension from the date of your actual retirement from service calculated by reference to your Final Pensionable Earnings and Pensionable Service at that date.



Signature on behalf of the Trustees  
Name: **Jim Shearer**

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# Member guide

It is important to plan for your retirement. Membership of the Scheme is one of the most valuable benefits provided by the LSC.

The Scheme provides a pension linked to your salary at retirement and the length of time you are a member. This is known as a 'defined benefit' or 'final salary' scheme. It also provides a wide range of benefits for you and your family if you are unable to work because of ill health or injury, or you die whilst working for the LSC.

This guide explains your benefits as a Scheme member.

We have aimed to make the guide as straightforward and easy to read as possible. However, some special terms are used because they have particular meanings. These terms are explained in the Glossary section at the end of this guide.

This guide is only a summary of the Scheme. The full details are set out in the Trust Deed and Rules of the Scheme. These are the legal documents governing the Scheme. In the event of any conflict the Trust Deed and Rules will always override the guide.

# Your choices

The Trustees and the LSC are keen to ensure that they provide you with as much information as possible to enable you to plan adequately for your eventual retirement.

## Your LSC Occupational Pension Scheme

The retirement benefits that derive from the Legal Services Commission Staff Pension and Assurance Scheme (No 4) (the "Scheme") are linked to your salary and not linked to the performance of the investment market.

The LSC deducts your contributions from your salary and pays them to the Scheme on your behalf. The LSC then pays further contributions to the Scheme to fund the balance of the cost of providing your pension benefits. Further information regarding employer contributions is provided later on in this guide.

## Contracting out

Whilst you are a member of the Scheme you will be contracted-out of the State Second Pension scheme (S2P) formerly known as State Earnings Related Pension Scheme (SERPS). As a contracted-out member, you will pay lower National Insurance contributions and will not receive any element of S2P. However, you will receive the basic old age pension in addition to your LSC pension. Further details are provided within the state benefits section of this guide.

## Life Assurance - death in service cover

As a member of the Scheme you are automatically covered for Life Assurance benefits, providing that you join the Scheme at your first opportunity. There are no additional costs for you to pay and you do not generally need to provide medical evidence although the Trustees have the right to request evidence of health at any time. (See Life Assurance cover section of this guide).

It is not compulsory for you to join the Scheme. You have other choices:

### Personal pension plans

Banks, building societies and insurance companies provide and administer personal pension plans/policies. Your chosen provider invests your contributions and at retirement, your investments are cashed in to purchase pension benefits from an insurance company (an annuity). Your pension benefits from these plans are based on investment returns and are not guaranteed or linked to your earnings. You should take independent financial advice before taking out a personal pension plan instead of joining the Scheme, as you will be giving up very valuable benefits if you do not join the Scheme. The LSC will not contribute to your personal pension plan.

If you do not join the Scheme you will be eligible for the S2P unless you decide to contract out of the S2P scheme by reference to a personal pension plan.

### Contributing to a personal pension plan as well as joining the Scheme?

You are also able to contribute to a personal pension plan as well as joining the Scheme. However, the LSC will not contribute towards your personal pension plan. You are only able to contract-out of the S2P and receive National Insurance contribution savings under one arrangement. Accordingly if you have joined the Scheme you cannot also contract out of S2P by reference to your personal pension plan.

### How do I find an Independent Financial Adviser (IFA)?

Should you require assistance with your choices and would like to obtain some independent financial advice, you can find a list of IFAs local to you by visiting the following website

[www.unbiased.co.uk](http://www.unbiased.co.uk)

Independent Financial Advisers (IFAs) are regulated by the Financial Services Authority, which means they must provide advice most suited to your personal circumstances. They normally charge a fee, which you will be responsible for paying.

# A helping hand with your future

The LSC have a dedicated in house pensions team (the Pensions Department) who are able to assist with your enquiries and provide you with information about the Scheme. If you have any questions or need more information about the Scheme, please contact:



The Pensions Department  
Legal Services Commission  
4 Abbey Orchard Street  
London, SW1P 2BS



Telephone helpline: 020 7783 7349



Email: [pensions@legalservices.gov.uk](mailto:pensions@legalservices.gov.uk)

## Keeping in touch

As a member of the Scheme you are entitled to receive information about the operation of the Scheme and details of your own benefits.

Each year you will receive:

- A benefit statement, showing details of the pension you have earned and illustrative benefits at Normal Pension Date;
- A State Pension Scheme Forecast, showing you the additional pension that will be payable from the State Pension scheme;
- A Trustees' Report and Summary Accounts to Members explaining the Scheme's finances; and
- Announcements, if any changes have been made to the Scheme i.e. regular Trustee newsletters with information about the Scheme.



Additional documents are also available on request from the Pensions Department:

- The Statement of Investment Principles.
- The Schedule of Contributions.
- The Annual Report and Accounts of the Scheme.
- The full Actuarial Valuation report for the last valuation.
- The Statement of Funding Principles and the Recovery Plan for the last valuation.
- A copy of the Trust Deed and Rules governing the Scheme.

In certain situations, members may be charged for requesting information, e.g. calculations for divorce proceedings. If this could happen then the Pensions Department will let you know what charges apply.

## TAKE ACTION



You should keep the Pensions Department up to date with your personal details and Expression of Wish form. Otherwise delays may occur in paying benefits to you or your Spouse or Dependents. Your Expression of Wish Form sets out to whom you would like any Life Assurance benefits paid (see section of this guide on Life Assurance Cover)

## Your Trustees

As the Scheme is set up under a trust, it is governed and run by appointed and trained Trustees. By setting the Scheme up under trust the funds are kept separate from those of the LSC.

The Trustees of the Scheme are responsible for ensuring that the Scheme is run in accordance with the Trust Deed and Rules. The Trust Deed and Rules are the legal documents governing the Scheme. The Trustees have a duty to ensure that the Scheme is administered in accordance with the Trust Deed and Rules, the correct benefits are paid on time to the right people, the correct money is paid into the Scheme and the funds are properly invested.

In addition to this, the Trustees ensure that the Scheme complies with the rules and regulations that govern UK pension schemes.

The Trustees meet regularly during the year to discuss matters relating to the administration and investment performance of the Scheme. They also regularly complete training sessions so that they remain up to date on pension issues and legislative changes.

The Trustee Board is currently made up of three Employer appointed Trustees and three Member Nominated Trustees (MNTs), one of whom is appointed by the pensioner members of the Scheme. There is also an independent chair of the Trustees.

In accordance with the Pensions Act 2004, the Scheme's arrangements for selecting MNTs currently allow employee members and pensioners the right to nominate and vote for three of the Scheme Trustees.

You can contact the Scheme's Trustees through the Pensions Department.

### Trustee Codes of Practice

The Trustees regularly review the Pension Regulator's guidance through its published Codes of Practice. The Codes of Practice give guidance to Trustees of pension schemes on how they should act on certain issues. With this in mind, the Trustees work with expert advisers, to ensure that the Scheme is managed effectively.

Details of the Trustees and their advisers are published annually in the Trustees' Report to Members.

# Joining the Scheme

## Who can join?

You are eligible to join the Scheme on the first day on which:

- You are employed as a permanent or fixed term employee (including part time employees); and
- You are at least 18 but no older than 58 years old.

You may also be allowed to join the Scheme with the LSC and the Trustees' consent if you do not satisfy the above conditions.

## How do I join?

You are invited to join the Scheme immediately upon joining service and will be automatically admitted to membership, unless you notify the Pensions Department, in writing, that you do not wish to join (opt-out). The Pensions Department will provide you with information and documentation through a joining pack. You will need to complete:

1. An Application Form.
2. An Expression of Wish Form to indicate to whom you would like your benefits to be paid if you die.
3. A Data Protection Consent form.

Once completed, the forms should be returned to the Pensions Department.

All relevant certificates should be enclosed:

- Birth certificate or valid UK passport; and
- Marriage or civil partner certification (if applicable)

Membership of the Scheme is voluntary.

## What happens if I don't join the Scheme?

If you do not join the Scheme when you are first eligible we will treat you as an employee who has opted-out of membership and will ask you to complete and return an Opt-Out form. You may be able to join in the future with the LSC and the Trustees' consent. If you join other than when you were first eligible your benefits may be restricted (see Life Assurance - discretionary entrants).

## Can I rejoin if I leave the Scheme?

If you leave the Scheme (opt-out), and you are still working for the LSC, you may be able to rejoin in the future with the LSC and the Trustees' consent. You are not able to continue as a contributing member of the Scheme if you leave the employment of the LSC.

### TAKE ACTION



If you wish to rejoin the Scheme, please contact the Pensions Department.

# Contributions

## How much does it cost?

- Your contributions are 6.5% of your Earnings. Your contributions break down into 5% ordinary contributions and 1.5% Spouse contributions (whether or not you currently have a Spouse).
- The LSC meets all the remaining costs of providing you with your Scheme pension.
- You receive tax relief on any contributions you pay.
- You pay lower National Insurance contributions at the contracted- out rate.

Once you complete 40 years of Pensionable Service you will no longer be required to pay contributions to the Scheme and you will also cease to build up any further Pensionable Service.

## What does the LSC pay?

The LSC meets the balance of the cost of the Scheme benefits.

The Actuary values the Scheme at regular intervals (usually every three years) and advises how much the LSC should contribute in addition to members' contributions, to meet the cost of members' benefits. This contribution significantly exceeds the cost of employees' contributions.

The amount that the LSC contributes to the Scheme is decided by the Trustees, after consulting with the LSC, and after obtaining the professional advice of the Scheme Actuary. The employer contributions made also have to comply with the statutory funding requirements of the Pensions Act 2004.

## How do I receive tax relief on my contributions?

Contributions are deducted from your pay before tax, so you get tax relief on any amount you contribute to the Scheme. You also pay a lower rate of National Insurance because you are contracted-out of the State Second Pension (S2P) (see State Benefits).

Follow the example below for a person earning £20,000 per year.

A	Annual Earnings	£20,000.00
B	Your contribution each year (6.5% x A)	£1,300.00
C	Less tax relief @ 20%* (20% x B)	£260.00
D	Less National Insurance contribution saved	£239.30
E	Cost to you each year Your contribution each year minus tax relief and NI savings (B – C – D)	£800.70
F	Cost to you each month (E ÷ 12)	£66.73

The example is based on income tax and National Insurance tax in April 2010. Tax rates normally change in April each year. When tax rates change this could have an impact on the numbers in the example. Please contact the Pensions Department if you have any questions on this.

If you pay tax at a higher rate your tax relief will be at the highest amount unless you are a very high earner.

## Can I pay extra contributions into the Scheme?

You can increase the amount of benefit you receive at retirement by buying additional years of service. These contributions are called additional voluntary contributions (AVCs) and further details can be obtained from the Pensions Department.

The maximum that you can contribute into the Scheme is 15% of your total yearly Earnings, i.e. your normal Scheme contributions of 6.5% of your Earnings plus AVCs of 8.5% of your Earnings.

If you joined the Scheme before 6 April 1988 and have a Civil Partner you can also pay additional contributions to purchase extra Spouse's pension for your Civil Partner after your death in respect of pre 6 April 1988 service. Please contact the Pensions Department if you would like further details of this option.

A female member who joined before April 1988 also now has an option to pay additional Spouse's contributions to enable her to buy additional Spouse's pension for her widower after her death in respect of pre 6 April 1988 service. A male member who joined before April 1988 will have paid additional Spouse's contributions at the time so will already have entitlement to Spouse's pension in respect of pre 6 April 1988 service.

### TAKE ACTION



If you wish to buy extra years of service (AVCs), please contact the Pensions Department who will provide you with a quotation and more information about the Scheme.

### TAKE ACTION



If you were employed by the LSC before 6 April 1988 and want to take advantage of the option to buy additional Spouse's or Civil Partner's pension in respect of pre 6 April 1988 service please contact the Pensions Department for more details.

# Transferring benefits -the Transfer Club

## Can I transfer my benefits from a previous scheme?

You may be able to transfer benefits built up in previous schemes, providing that you make the initial application to investigate the transfer within 12 months of joining the Scheme.

You are only able to transfer benefits into the Scheme from other occupational schemes that are members of the Transfer Club.

The Transfer Club consists of a number of final-salary occupational pension schemes that have agreed reciprocal transfer arrangements. This means that they are similar in constitution and makeup to the LSC Scheme. These schemes are typically, public sector type arrangements, such as the Civil Service or local government pension schemes.

The Club offers employees who move between employers the opportunity to transfer the current value of their pension benefits on special terms. In general, when such employees transfer their pension benefits between club schemes, they will receive an additional pension service credit that is usually equal or broadly equivalent to the service completed by the employee in their previous scheme.

Any pension rights transferred in to the Scheme will increase the amount of membership that you have and will therefore increase your overall benefits in the Scheme. Transferred in benefits will be treated in the same way as your Scheme benefits.

## Are there any disadvantages in transferring my benefits into the Scheme?

The LSC Pensions Department are able to investigate and complete all administration requirements on your behalf, in relation to a possible transfer of benefits into the Scheme. You will not be charged for this service.

However, once all the information has been received, you will need to make a decision on whether the transfer will be in your best interest. The Pensions Department will be able to provide you with information to assist you in the decision making process, but they will not be able to provide you with any financial advice. In this regard, you should seek independent financial advice before making a decision about transferring your past pension rights.

### TAKE ACTION



For more details, and to see if your previous pension scheme is part of the Transfer Club, please contact the Pensions Department.



# Life Assurance cover

## Normal entrants

Providing that you join the Scheme at your first opportunity, this is usually when you join service, you will automatically be covered for a lump sum Life Assurance benefit under the Scheme.

## How is this benefit provided?

The Life Assurance benefit is provided by the Scheme although the Trustees insure this benefit with a Life Assurance company. Unlike most private life insurance cover medical evidence is not required if you join the Scheme at your first opportunity.

## What is the insured benefit?

There are other benefits that are paid from the Scheme on death in service and these are outlined in more detail later on in the Guide. The Life Assurance benefit is separate and in addition to the other benefits that are payable from the Scheme if you die in service. This benefit can be paid to any individual. It does not have to be your spouse, dependant or relative. The benefit cannot be paid to a charity or other organisation.

The Life Assurance benefit is paid as a tax-free lump sum, equivalent to 3 x the annual rate of your Earnings at the date of death. Any lump sum is paid out under the trusts of the Scheme, which means that, under current tax legislation, it will not form part of your Estate and will not count towards death duties for tax purposes.

## TAKE ACTION



Please ensure that you complete an Expression of Wish form which is included within your joining pack. This will ensure that the Trustees are aware of the nominated beneficiaries to whom you would wish the Trustees to consider paying any lump sum or Life Assurance benefit in the event of your death. The Trustees are not legally bound to follow your nomination in your Expression of Wish form but will have regard for your wishes in making any decision about who to pay any lump sum. You may change the details contained within this form at any time. Should you wish to do so, please contact the Pensions Department who will issue you with a new form.

It is important that you keep your Expression of Wish form up to date if your circumstances change and ensure that you keep a copy for future reference.

## What if I do not join the pension Scheme at my first opportunity?

### Discretionary entrants

If you do not join the Scheme at your first opportunity you may be able to do so at a later date, but you would need to complete a separate application for membership and receive approval from the LSC as your employer and the Trustees. You may also need to provide medical evidence for the Trustees to ascertain whether it is possible for them to obtain Life Assurance cover in relation to the benefit.

Your membership of the Scheme may also be on such special terms and conditions as the Trustees notify to you in relation to benefits and contributions. These terms may include restricting the Life Assurance Lump Sum benefit payable under the Scheme.

If it is not possible to obtain Life Assurance cover for you, the Trustees' current policy (if permission is given to discretionary admission) is to admit you to membership of the Scheme for pension and retirement benefits but not for the Life Assurance lump sum. The other death benefits that are available under the Scheme are outlined in more detail later on in this guide.

# Retirement benefits

## Normal Retirement

Your Normal Pension Date is generally your 60th birthday but if you remain in service after age 60 it will be the date you retire from service up to age 65 (or age 65 if you remain in service with the permission of the Commission after age 65). Your Normal Pension Date under the Scheme is not the same as your contractual retirement age which will generally be age 65 and will be specified in your contract of employment.

For each year of Pensionable Service (with a proportionate amount for each extra day of Pensionable Service) you earn:

- a pension of 1/80th of your Final Pensionable Earnings; and
- a tax free cash lump sum equal to 3 times the annual rate of your pension at the date it starts.

If you have had more than one period of full membership of the Scheme and your previous membership is preserved in the scheme until Normal Pension Date, you are able to elect to add both memberships together to work out your final pension entitlement at Normal Pension Date. Please contact the Pensions Department, if you would like to make such an election.

## Is my Normal Pension Date different if I joined the Scheme after April 1987?

No. The Normal Pension Date of post April 1987 joiners used to be age 60 which was the same as their contractual retirement age of 60. However, to comply with age discrimination requirements the contractual retirement age of post April 1987 joiners was changed by the LSC to age 65 for employees who did not wish to retire at 60. The Scheme rules were changed to allow post April 1987 joiners to remain in service and to continue to accrue Pensionable Service after age 60 until they reached 40 years of Pensionable Service or retire at age 65 (if earlier). So the Normal Pension Date of joiners before and on and after April 1987 is now the same.

## When can I retire?

You can retire from the Scheme and receive your benefits in full once you have reached your Normal Pension Date and providing that you have completed at least 2 years of Qualifying Service.

You may choose to retire before your Normal Pension Date. Further details on this are included in the Early Retirement section.

## What are my retirement benefits?

When you retire you will receive a pension, which is taxed at the PAYE rate and is payable monthly in advance for life. You do not pay any National Insurance contributions on your pension once in payment. You will also receive a one off payment of a tax-free lump sum, which is paid on your retirement date.

### How much will my pension be at Normal Pension Date?

Your pension is based on your Pensionable Service and your Final Pensionable Earnings.

- For each complete year of Pensionable Service (with a proportionate amount for each extra day of Pensionable Service) you earn 1/80th of your Final Pensionable Earnings.
- You cannot have more than 40 years of Pensionable Service.

### How much will my lump sum be?

- The lump sum is three times the initial annual amount of your annual pension and is currently tax-free.

Like your pension it is based on your Final Pensionable Earnings and period of Pensionable Service.

#### Example

John has completed 30 years and 16 days of Pensionable Service and has Final Pensionable Earnings of £20,000. His benefits at Normal Pension Date would be worked out as:

#### Pension

Pensionable Service  $\times$  1/80  $\times$  Final Pensionable Earnings  
= 30 and (16/365) years  $\times$  1/80  $\times$  £20,000  
= £7,510.96 per year

#### Retirement lump sum

3  $\times$  initial annual pension  
= 3  $\times$  £7,510.96  
= £22,532.88

## What if I work part time?

Contributions, pension and lump sum retirement benefits for part time employees are calculated as a proportion of their full time equivalent salary. If there is a variation of hours during membership, each change will be recorded as a separate period. Therefore if your hours change, your contributions will be adjusted and your benefits will be calculated as the total of the separate periods of part time employment.

If you work part time your pension and lump sum retirement benefits are calculated on your part time service but using your full time equivalent salary. Any contract that is less than 35 hours per week is part time.

Your lump sum Life Assurance benefit on death in service is calculated by reference to your actual part time Earnings at date of death.

There may also be other adjustments to benefits in certain other circumstances to reflect your part time status.

## How is my part time pension calculated?

### Example

Pat worked for the LSC for 40 years. However, for 20 years of her service she worked part time for 17.5 hrs per week. In order to calculate her pension we must find out what her full time equivalent salary is:

#### Full time equivalent salary for part time service

$$\begin{aligned} &= \text{Part time salary of } \pounds 14,000 \times 35/17.5 \\ &= \pounds 28,000 \end{aligned}$$

#### Her Pensionable Service is worked out as:

- 1 April 1970 - 31 March 1980  
= 10 years full time
- 1 April 1980 - 31 March 2000  
= 20 years part time  $\times 17.5/35$   
= 10 years full time equivalent
- 1 April 2000 - 31 March 2010  
= 10 years full time

Her total Pensionable Service is 30 years

#### Her Pension is worked out as

1. 10 years  $\times \pounds 28,000 \times 1/80 = \pounds 3,500$
2. 10 years  $\times \pounds 28,000 \times 1/80 = \pounds 3,500$
3. 10 years  $\times \pounds 28,000 \times 1/80 = \pounds 3,500$

#### Her total pension is

$$\pounds 3,500 + \pounds 3,500 + \pounds 3,500 = \pounds 10,500 \text{ per year}$$

and

#### Her retirement lump sum is

$$\pounds 10,500 \times 3 = \pounds 31,500$$

## Will my pension increase?

Once your pension starts to be paid, it will normally be increased each year. However pensions only start to attract increases once you reach age 55, at which point your pension will be increased to take account of changes since it was awarded.

Pension increases happen in April each year. They are increased in the same way as pensions subject to the Pensions Increase Act 1971 and any other associated government legislation. The Act uses the Retail Price (RPI) index to work out the annual increase award. You will get an increase equal to the change in RPI in the year to the previous September provided that the change in RPI is positive. However, if your pension is made up of pensionable service built up before April 1997, your pension may contain an element of Guaranteed Minimum Pension (GMP). This element may increase by less than RPI, because the State pays some or all of any inflation increases due on the GMP.

## Will I get a pension from the State?

Membership of the Scheme does not affect your entitlement to the Basic State Pension, which will be paid by the State from your State retirement age in addition to your Scheme pension. As the Scheme is contracted-out of S2P, your Scheme pension replaces some or all of your S2P.

## What if I am absent from work?

If you are absent from work (as a result of maternity leave, adoption leave, paternity leave, parental leave, other family leave, career break, unpaid leave or any kind of personal leave) different provisions will apply depending on the type and duration of leave taken. You will be notified of these at the appropriate time.

### MORE INFORMATION



For more details, please see the section on State Scheme Benefits.

### TAKE ACTION



For details on how your benefits will be affected during periods of absence, or if you work part-time and wish to know how your benefits will be affected or calculated, please contact the Pensions Department.

# Early retirement and Incapacity

## Can I take my benefits early if I retire before Normal Pension Date (other than due to Incapacity)?

Yes, if you have reached age 55, you may be able to retire from service and draw your pension and tax-free cash sum immediately. You will need to apply to the LSC for permission to retire from service and to the Trustees for consent to the early payment of your pension under the Scheme. If granted, the Pensions Department will calculate your benefits based on your Pensionable Service at the date of your early retirement and your Final Pensionable Earnings.

The benefits will then be reduced if you take early retirement before age 60 because they begin early and we will be paying them over a longer period. The reduction that is applied is a basis that is decided by the Trustees. The Pensions Department will tell you what the reduction will be before you make a decision on whether you wish to retire early.

If you have not reached age 55 then you cannot take early retirement other than on grounds of incapacity.

## What if I have to retire early due to Incapacity?

If you have at least 2 years' Qualifying Service and are required by the LSC to retire from service before Normal Pension Date on the grounds of Incapacity you may be able to retire on an immediate unreduced pension. There is no age limit attached to Incapacity early retirement and if you qualify for this benefit you could be under age 55 years. The Trustees will require medical evidence to help them decide whether you are able to retire on grounds of permanent Incapacity. Details of the process can be obtained from the Pensions Department.

### MORE INFORMATION



More details about your options on early retirement are available from the Pensions Department.

## How are the Incapacity pension and lump sum calculated?

If you are retired early because of permanent Incapacity, the pension at the date you retire may be improved by enhancing your Pensionable Service, as follows:

Pensionable Service	Enhanced Pensionable Service
2 or more years but less than 5 years	Actual Pensionable Service only, without reduction for early payment.
5 or more years but less than 10 years	Pensionable Service is doubled, without reduction for early payment.
10 or more years	Pensionable Service increased by 6 2/3 years or up to 20 years (whichever is greater), without reduction for early payment.

This will also increase your corresponding tax-free cash sum, which equates to 3 times the initial annual rate of the permanent Incapacity pension.

Any improvement to Pensionable Service is limited to that which you could have built up had you stayed in the Scheme to age 60. So your pension will not be enhanced on retirement on grounds of permanent Incapacity after age 60.

### **Your pension on retirement on grounds of permanent Incapacity will be worked out like this:**

1/80th x your Final Pensionable Earnings x your enhanced Pensionable Service.

### **Your cash sum will be worked out like this:**

3 x your enhanced pension.

## What if I do not qualify for a permanent Incapacity pension and lump sum and want to draw my pension?

You can still apply for normal early retirement from service if you are age 55 or over. However, this pension and tax-free cash sum will be reduced for early payment before age 60. Please contact the Pensions Department if you are considering early retirement and would like to receive a quotation of your early retirement benefits.



## What if I am made redundant?

The LSC's redundancy policy is separate from the pension scheme.

Your pension benefits will be calculated in the same way as if you had left the Scheme voluntarily in most cases.

However, if you are age 55 or over and you joined the LSC before 1 January 2009 then some of your benefits from the LSC's Early Retirement and Severance Scheme may be payable via the pension scheme.

### MORE INFORMATION



More details about the LSC redundancy scheme and policy are available from the HR department or by visiting the HR web pages. Please contact your HR business partner for more information.

# Protection for your family – death benefits

## What benefits will be paid if I die?

The Scheme provides lump sum and pension benefits to your Spouse and/or Dependants in the event of your death. The benefits payable will depend on your circumstances at the time of your death. For this purpose your Spouse now includes your registered civil partner. However, if you have a civil partner and joined the Scheme before 6 April 1988 no additional Spouse's pension will be payable in respect of your pre 6 April 1988 service unless you take advantage of the option to pay back Spouse's contributions (see section on Contributions).

## Should you die in service your Spouse and/or Dependants may receive the following benefits:

- A cash lump sum Life Assurance benefit of 3 times Earnings, if the Trustees exercise their discretion to pay the benefit to them having regard to any nomination made by you and you were admitted to membership of the Scheme on the basis you are covered for this benefit (See Life Assurance section).  
Plus
- A refund of your 5% per year ordinary contributions, transferred in contributions and any additional voluntary contributions plus interest at the rate of 4% per year compound (or such other rate as the Trustees from time to time determine) on your ordinary contributions and additional voluntary contributions. No interest is payable on your transferred contributions. There may be a reduction to this lump sum to cover additional Spouse's contributions required to pay for any enhancement to Spouse's pension, if a Spouse's pension is due to be paid.
- A refund of your 1.5% Spouse's contributions plus interest, if you never had a Spouse.
- A refund of your 1.5% Spouse's contributions plus interest paid after the date of your divorce or termination of your civil partnership, after the date of your last or only marriage or civil partnership.
- If you have completed less than 2 years' Pensionable Service in the Scheme and you are survived by a Spouse and/or Children a Spouse's and/or Child or Children's pensions may be payable equal to your Pensionable Earnings at the date of your death for the following periods:

Family Arrangements	Period Spouse's and/or Child or Children's pensions are payable
1. Spouse with no Children in his/her care	3 months
2. Spouse and one Child in his/her care	6 months
3. Spouse and two or more Children in his/her care	9 months
4. Child only	4 months
5. Two or more Children only	8 months
6. One or more Children in the care of someone other than the Spouse but where there is a Spouse who also qualifies for a temporary pension under 2 above.	3 months
7. One Child in the care of someone other than the Spouse but where there is a Spouse who also qualifies for a temporary pension under 1 above.	3 months
8. Two or more Children in the care of someone other than the Spouse but where there is a Spouse who also qualifies for a pension under 1 above.	6 months

- If you have completed at least 2 years' Pensionable Service in the Scheme, your Spouse will receive a temporary pension equal to your Pensionable Earnings at the date of your death for 3 months after which, they will receive a pension based on 50% of the pension you would have built up had you retired on the date of your death, or 50% of the ill health pension that could have been awarded to you on the day before your death, if this is higher. The Spouse's pension will be equal to half of the pension that you could have received for each year and complete day of service that you paid Spouse contributions, (i.e., female members who were in service prior to 1988, will only have paid Spouse contributions since this date). A reduction to the refund of ordinary contributions may be made to cover any extra Spouse's contributions required to increase the Spouse's pension.

- Further pensions will also be available if you have completed at least 2 years' Pensionable Service in the Scheme if you have Children under age 18, or under age 23 and in full time education. The amount that is awarded to your Children will depend on the number of Children that qualify for the benefit.

Family Arrangements	Percentage of Child's or Children's pension payable of the pension which would have been payable if you had retired immediately before your death and the pension was not reduced for early payment. It will be calculated using your actual, not prospective, service.
One Child in care of Spouse	25
Two or more Children in care of Spouse	50
One Child in care of someone other than the Spouse	58 1/3rd
Two or more Children in care of someone other than the Spouse	66 2/3rds

## For how long will my Spouse and or children receive the payment of their pension?

The Spouse's pension is payable for life or until such time that your Spouse remarries or enters into a new civil partnership. The Children's pensions are payable until they are aged 18, or if in full time education or vocational training, the date when they cease to be in full time education or vocational training or age 23 years if this is earlier.

## Option to give up pension to provide additional Spouse or Dependant's pension

You can elect, with Trustees' consent, to give up part of your pension to provide additional Spouse's or Dependant's pension payable after your death. The amount of additional Spouse's or Dependant's pension will be equal in value, in the opinion of the Trustees, to the amount of pension surrendered. The amount of the pension which can be surrendered is subject to certain limits. Any election to surrender part of your pension will be automatically cancelled if the nominated Spouse or Dependant dies before you retire or you are divorced from your Spouse or end your relationship of civil partnership before the pension commences. Otherwise it can generally only be cancelled with Trustee consent. If you would like further details of this option please contact the Pensions Department.

## Are their pensions inflation protected?

Yes, they will receive increases on their pension each year in the same way as if the Pensions (Increase) Act 1971 applied. This is broadly in line with RPI.

## Death after leaving service with entitlement to a pension at Normal Pension Date - preserved members

Your Dependants may receive the following benefits on your death;

- A cash lump sum of 3 times the current amount of your preserved pension.
- A pension for your Spouse based on 50% of any Guaranteed Minimum Pension (GMP) earned before 6 April 1997, (but if you are a female member, ignoring any GMP for membership before 6 April 1988); and
- A pension for your Spouse equal to 50% of the minimum statutory pension which must be provided to comply with the contracting-out requirements in respect of any Pensionable Service on and after 6 April 1997.
- The pensions payable on death in deferment for pre 1 November 1986 joiners may be more generous than the above to comply with different minimum statutory contracted out requirements that existed at the time.

## Retired members

- Receive a lump sum equal to the remainder of any pension that would have been payable had you survived for five years from date of commencement of pension (with no allowance for pension increases after date of death). This is only payable to members aged under 75 at date of death.
- A temporary pension payable for 3 months following the date of death and equal to the pension that you were receiving at the date of death.
- After the 3 month period expires, your Spouse will then receive a pension based on half of your current pension in payment. However, if you did not pay Spouse contributions prior to 6 April 1988, the Spouse's pension will be calculated on your Pensionable Service completed after this date.
- Further pension will also be available if you have Children under age 18, or between 18 and 23 and in full time education or vocational training. The pension depends on the number of Children you had and whose care they are in.

Family Arrangements	Percentage of Child's or Children's pension payable of the pension payable at the date of your death
One Child in care of Spouse	25
Two or more Children in care of Spouse	50
One Child in care of someone other than the Spouse	58 1/3rd
Two or more Children in care of someone other than the Spouse	66 2/3rds

## Who receives any cash lump sum?

The Trustees have very wide discretion as to whom any lump sum is payable on your death. This avoids any lump sum being treated as part of your estate for inheritance tax purposes under current tax legislation. The Trustees may have regard to your wishes as to who should receive any lump sum set out in any Expression of Wish form made by you before your death but are not bound to. You should let the Trustees know how you would like any lump sums to be paid by completing an Expression of Wish Form available from the Pensions Department.

### TAKE ACTION



You should let the Trustees know how you would like any lump sums to be paid by completing an Expression of Wish Form available from the Pensions Department. Please make sure you update it if your circumstances change.



# Leaving the Scheme voluntarily – opting out

You can opt-out of Scheme membership by giving notice in writing to the Trustees. Generally one months written notice is required to opt-out.

Before you decide to opt-out of the Scheme you should consider the following points:

- You will no longer be covered for the Life Assurance benefit of 3 times your Earnings;
- You will not be entitled to benefits from the Scheme, except for any preserved pension benefits accrued prior to opting out;
- If you have or intend to take out a personal pension arrangement the LSC will not make any additional contributions;
- Employees who opt-out of the Scheme have no automatic right to rejoin. Re-entry will be at the discretion of the Trustees and you may be required to undergo a medical examination.

If you opt-out of membership you will be treated as having ceased to be in Pensionable Service from the date of expiry of your opt-out notice and the requirement to make member contributions shall cease. Your benefits will be calculated in the same way as if you had left employment.

## TAKE ACTION



You should carefully consider the benefits you will be giving up if you leave the Scheme. If you do decide to opt-out of the Scheme contact the Pensions Department for a form.

# Leaving employment

## What are my options if I leave the Scheme?

When you leave service your benefits depend on how long you were a member of the Scheme.

### If you have completed less than three months of Qualifying Service

You will receive a refund of your contributions less tax and an amount, which will buy you back your benefits in the State Second Pension.

### If you have completed three or more months, but less than two years of Qualifying Service, you will be given two options:

1. A transfer value to another occupational pension scheme or personal pension arrangement, which you must elect to receive within 3 months of leaving service. If you do not request a transfer value within three months of leaving service, the Trustees will automatically pay you a refund of your contributions, as described above; or
2. A refund of your pension contributions, as detailed above.

### If you have completed two or more years of Qualifying Service, you have qualified for a preserved pension under the Scheme.

You will therefore have the following options:

- a preserved pension and tax-free cash sum, that is calculated at your date of leaving service. These benefits are broadly inflation protected, up to age 60, when they will come into payment at the increased rate. You are entitled to retain your preserved benefits in the scheme until age 60;
- alternatively, when and if you have already attained age 55, with the Trustees' consent you can take the current value of these benefits early, but they will be reduced for early payment; or
- a transfer of the value of your benefits to your new employer's pension scheme or personal pension arrangement. You are able to request a transfer of the current value of your preserved benefits at any time, providing this is not less than 1 year prior to age 60.

If you wish to take early retirement, once you have left employment of the LSC, the Pensions Department will be able to assist you with explaining the process.



## LEAVING THE SCHEME AT A GLANCE

Once you leave the LSC, whether you have resigned or in the event that your employment is terminated by the LSC, you cannot continue contributing to the Scheme and will be treated as having been in Pensionable Service until the date you cease to be employed by the LSC.

Your benefits will depend on how long you were a member of the Scheme.

You will also qualify for a preserved pension in the Scheme if you already have another preserved pension in the Scheme from an earlier period of unlinked service or if you have made a transfer to the Scheme from a personal pension plan.

## Preserved benefits

### How are my preserved benefits calculated?

Your preserved benefits will be payable from age 60 and will be calculated in the same way as if you had retired at the date you left the Scheme.

**Pension:**

$\frac{1}{80} \times$  your Final Pensionable Earnings at the date of leaving  
 $\times$  your Pensionable Service to your date of leaving.

**Tax- free cash sum:**

$3 \times$  your annual pension at your date of leaving.

### Can I take my preserved benefits before age 60?

You can apply to draw your preserved pension and cash lump sum:

- at any time after age 55; or
- at any time if you become unfit for work due to ill-health.

Early payment of your preserved pension before age 60 requires the agreement of the Trustees and your pension will be reduced to take account of the early payment. If you are taking your pension on account of ill-health, it will be calculated using your Pensionable Service to your date of leaving. It will not take into account any service enhancement, which may be available for members who are ill health retired from active service in the LSC.

## How is my preserved pension and tax-free cash sum inflation protected before I retire?

Your preserved pension and tax-free cash sum will be increased between your date of leaving and age 60, or the date on which it becomes payable, if this is sooner. As you were contracted-out of the State scheme whilst you were a contributing member of the Scheme, your LSC pension may be increased in two parts, depending on your pension Scheme membership, as follows;

1. Most preserved pensions will be increased in line with changes in the Retail Price Index (RPI).
2. If you have Guaranteed Minimum Pension (GMP), which can relate to part of your service built up from April 1978 to April 1997, this part of your pension will broadly be increased in line with the general rise in earnings.
3. The rest of your pension (in excess of the GMP) for service before April 1997 and all your pension relating to service on and after April 1997, will be increased in line with RPI from your date of leaving service up to age 60 or payment date if this is earlier.

## Will I receive an annual statement showing the value of my preserved pension benefits?

This is not provided to you automatically, but the Pensions Department will provide these details to you if they receive your written request for this information.

## Is my preserved pension increased once it comes into payment?

Yes, in exactly the same way as we increase pensioners' payments, as effectively you will have become a pensioner of the Scheme at this time. (See section on Retirement benefits.)

## Transfers – out

### What about the transfer option?

The transfer value is the cash value of your preserved pension and preserved tax-free cash sum at the date of transfer.

The Scheme currently participates in reciprocal arrangements that govern terms and conditions of public sector transfers, known as the Transfer Club (see Transferring benefits – the Transfer Club). In cases of transfers to other schemes participating in the Transfer Club, transfer values are calculated in accordance with Transfer Club rules with all participating schemes using factors based on common actuarial assumptions.

In relation to transfers to occupational pension schemes which are not in the Transfer Club and to transfers to personal pension schemes, the Trustees are responsible for determining the basis on which transfer values are calculated having taken the advice of the Scheme Actuary. The transfer basis is reviewed from time to time.

If you elect to take a transfer, no further benefits will be payable from the Scheme to you, your family, or your Dependants.

You can request a statement of your transfer value from the Pensions Department. This will be provided free of charge. However, there will be a charge for a second or subsequent statement within a 12 month period.

### TAKE ACTION



Before deciding on whether you should transfer your benefits away from the Scheme, you should seek independent financial advice as to whether this would be in your best interest.

# Family matters

## What happens to my benefits if I get married?

If you marry or enter into a Civil Partnership whilst a member of the Scheme, your husband, wife, or Registered Civil Partner will normally become entitled to benefits from the Scheme in the event of your death.

## What happens to my pension if I get divorced or my Civil Partnership is dissolved?

There is legislation governing how pensions are treated when a couple divorce and they decide to use pension entitlements as part of the settlement package. This is known as "pension sharing". The aim of pension sharing is to separate your former husband, wife, or Registered Civil Partner's benefit entitlement from your own, so that there is a "clean break" settlement. The court can order any pension rights of either Spouse to be shared between the parties.

If your pension is subject to a pension sharing order, your former husband, wife, or Registered Civil Partner will receive a pension credit, which he/she must transfer to his or her own pension arrangement. Your pension will be reduced by a similar amount, known as a "pension debit". Please note that you will be responsible for any reasonable costs incurred by the Scheme in implementing a pension sharing order on your pension.

The Court also has power to make an earmarking order on divorce or dissolution of a Civil Partnership. If an earmarking order is made broadly part of your pension or other benefits may be "earmarked" for payment to your former Spouse. You may be required to meet the costs reasonably incurred by the Scheme in implementing an earmarking order.



## FAMILY MATTERS AT A GLANCE

If you marry or enter into a Civil Partnership your spouse or Civil Partner becomes entitled to certain benefits from the Scheme.

If you divorce or your Civil Partnership is dissolved a pension sharing order may apply to your pension.

## TAKE ACTION



If you are in the process of a divorce you should contact the Pensions Department to request any information your solicitor has asked for. The Pensions Department can also provide details of the costs that may be involved.

# State benefits

There are two parts to State pension provision:

## The Basic State Pension

This is a flat rate pension payable to everyone who has a sufficient National Insurance contributions record. Membership of the Scheme does not affect your entitlement to the Basic State Pension.

## State Second Pension

Before April 2002, the State Second Pension (S2P) was known as the State Earnings Related Pension Scheme (SERPS).

The Scheme is contracted out of S2P on a salary related basis under Section 9(2) of the Pension Schemes Act 1993. This means that during your years of membership the Scheme pension replaces some or all of the benefits you would have built up in SERPS or S2P. In return you pay lower National Insurance contributions. As a condition of contracting out, the Scheme must provide a minimum level of pension to you, broadly equivalent to or better than the benefits you would have earned in the S2P. This minimum level of pension is called the Guaranteed Minimum Pension (GMP).

## How do I know how much my State Pension will be?

The Pensions Department will also provide you with a State Pension forecast each year. Alternatively, you can apply for a State Pension forecast by calling 0845 300 0168 or by completing a form online at [www.direct.gov.uk](http://www.direct.gov.uk)

## What is the State Pension Age?

State Pensions are payable from State Pension Age which is currently:

Date of birth	Men	Women
Post 6 April 1955	Age on a sliding scale between 65 – 68 years	Age on a sliding scale between 65 – 68 years
Between 6 April 1950 and 5 April 1955	65	Age on a sliding scale between 60 and 65 years
Pre 6 April 1950	65	60

## What about other State benefits?

Membership of the Scheme may affect your rights to other State benefits, such as disability benefits and any benefits, which are subject to means testing. If you are unsure about how you may be affected, you should take advice from an independent financial adviser.



# General information

All membership data is held in accordance with the Data Protection Act 1998 - you can ask to see a copy of the information that the Scheme holds on you.

## Scheme status

The Scheme is a registered pension scheme for the purposes of Part 4 of the Finance Act 2004.

The Scheme is treated as if it had been set up by the LSC in accordance with statutory powers under the Access to Justice Act 1999.

## Amendment or discontinuance

The Trustees can be authorised by the Lord Chancellor to amend the Scheme at any time. If your benefits or rights are affected you will be advised in writing. If the Scheme is wound up the Trustees will use the money in the Scheme to secure benefits for members and their Dependants in accordance with the Scheme's Rules. In the unlikely event that the Scheme was wound up because the LSC became insolvent and its liabilities to provide pension benefits are not assumed by a successor body or the Government, the Scheme may be eligible for entry into the Pension Protection Fund if there are insufficient assets to secure benefits at least equal to the level of compensation provided by the Pension Protection Fund.

## HMRC limits

Her Majesty's Revenue & Customs (HMRC) place a limit (the Lifetime Allowance) on the value of benefits you can build up under all tax registered pension schemes. HMRC also places a limit (the Annual Allowance) on the amount of contributions you can pay and/or benefits you can build up in a single year. If you exceed either of these limits additional tax charges will apply. These limits are only likely to affect those with very high earnings. Further information can be obtained from [www.hmrc.gov.uk](http://www.hmrc.gov.uk)

From April 2011 it is expected that additional tax charges will be payable where high earners accrue benefits in a registered pension scheme.

## The Data Protection Act 1998

The Data Protection Act 1998 and its predecessor, the Data Protection Act 1984, provide strict guidelines on how data should be collected, processed, disclosed and stored. These acts apply to the Scheme because personal data is held on each member, such as name, address and salary and therefore the Trustees are registered with the Information Commissioner's Office.

The personal data held about members will be used for the purposes of the administration and management of the Scheme and for paying benefits under it. For these purposes, the Trustees may pass on personal data about you to the Scheme's administrators and advisers. You are entitled to see any data that is held on you unless, in providing this data, other parties' data is disclosed. A charge may be made to cover the cost of supplying the data.

## Complaints and disputes

### What to do if things go wrong

We make every effort to get things right. If we have made a mistake please tell us and we will apologise and put things right as quickly as possible. If we cannot resolve your complaint informally, we have a formal complaints and disputes procedure that complies with pension legislation. This is given on the next page.

### Where you can get further advice

You can get advice from The Pension Advisory Service (TPAS) at any time. You can also ask the Pensions Ombudsman to investigate and give a decision on any complaint or dispute. The Pensions Ombudsman will normally expect any complaint to have been looked at under our complaints and disputes procedure first. The Pensions Regulator is responsible for the oversight of pension scheme administration and for granting certain time limit extensions and for complaints about non-disclosure of information.

# Sorting out disputes

## Internal Dispute Resolution Procedure (IDRP)

From time to time you may have queries regarding your pension scheme. In the first instance these should be referred to the Pensions Manager.

We hope that you do not have any reason to complain about your pension scheme. However if you have a dispute regarding the pension scheme then the scheme aims to deal with it in a transparent manner.

Pensions legislation requires a formal structure to be set out in order to deal with certain types of disputes. This is set out below. Other disputes which do not fit in to this structure should be directed to the Pensions Manager, unless they involve the Pensions Manager in which case they should be sent directly to the Trustees.

Disputes already referred to a court or a tribunal or where the Pensions Ombudsman has commenced an investigation is not covered by the procedure. If proceedings are commenced before a court or tribunal or Pensions Ombudsman after an application has been made under the procedure but before a decision is made by the trustees, then the procedure will cease immediately.

### The procedure

The procedure below covers formal disputes involving the pension scheme trustees or manager from any of the following people:

- employee members;
- LSC employees who are prospective scheme members;
- preserved members (former members with benefit entitlements);
- pensioners;
- surviving Spouses, surviving civil partners, surviving Dependants and surviving non-dependent beneficiaries of a deceased member of the scheme;
- any person who has ceased to be in one of the above categories;
- any person who claims to fall within any of the first four groups of people mentioned above and the dispute relates to whether he or she is such a person.

The procedure only covers complaints relating to persons who have ceased to be in any of the first four categories of persons if the complaint is made within 6 months of ceasing to be in the category. The procedure also only cover complaints from persons who claim to fall within the first four categories mentioned above and the dispute relates to whether they are such a person, if the complaint is made at a time when, or within 6 months of the last date, they claim to be such a person.

Any other application must be brought within 3 years of the matter complained of.

A dispute may be continued on behalf of a person who is party to the dispute:

- where the person dies, by his personal representatives;
- where the person is a minor or is otherwise incapable of acting for himself, by a member of his family or some other person suitable to represent him;
- in any other case, by a representative nominated by him.

The Pensions Advisory Service may be able to help you with your dispute.

The procedure has two possible stages, as follows.

### Stage 1

Please send details of your complaint in writing to the Pensions Manager. Please include the original member's full name, address, date of birth, and National Insurance number in your correspondence. If the complaint is on behalf of a Spouse or Dependant or other beneficiary please provide the same details for the Spouse, Dependant or other beneficiary as for the original member and also include the relationship between the member and the Spouse, Dependant or other beneficiary. The scheme's dispute adjudicator is the Pensions Manager.

The Pensions Manager will adjudicate the dispute and respond to you in writing within two months of receiving your complaint. If the Pensions Manager cannot make a decision in that time, they will send you a reply explaining the delay and offering a realistic date for a full reply.

The reply will include an explanation of how the decision was reached, and refer to any documents (scheme trust deed, rules, current law) on which it is based. It will also explain your right to appeal against the decision under stage 2 of the procedure.

If your complaint involves the Pensions Manager and you would prefer the Pensions Manager not to adjudicate the dispute then you should address your response directly to the Trustees, where it will be dealt with under stage 2 of the procedure.

## Stage 2

If you have followed stage 1 of the process and you are not satisfied with the decision, you can then formally ask for it to be considered by the Trustees. You must make this request in writing within six months of the original decision and must include the reasons why you consider the original decision to be incorrect.

The Trustees will adjudicate the dispute and respond to you in writing within two months of receiving this request, although, like the Pensions Manager, they have the right to give an interim response in exceptional circumstances. Their final response will give reasons for their decision and set out any documents or laws, which support this. The Trustees as a whole may make the decision on your dispute or, they may delegate the decision to one or more of their number.

Written decisions will include information about your right to put the matter to the Pensions Advisory Service or the Pensions Ombudsman together with their contact details. The written decision will be sent as soon as possible following the making of the decision.

# Data Protection Policy Statement

1. It is the policy of the Trustees of the Legal Services Commission Staff Pension and Assurance schemes No 3 and No 4 ("the Trustees") to take all necessary steps to ensure that personal data held or otherwise processed by or for the Trustees about scheme members, beneficiaries and other individuals is processed fairly and lawfully. The Trustees will take all necessary steps to implement this policy.
2. It is the policy of the Trustees to ensure that all relevant statutory requirements are complied with and that the scheme's internal procedures are monitored periodically to ensure compliance.
3. The Trustees will implement and comply with the eight Data Protection Principles contained in the Data Protection Act 1998 ("the Act") which promote good conduct in relation to processing personal information: These Principles are:
  - i. Personal data shall be processed fairly and lawfully.
  - ii. Personal data shall be obtained only for one or more specified and lawful purposes, and shall not be further processed in any manner incompatible with that purpose or those purposes.
  - iii. Personal data shall be adequate, relevant and not excessive in relation to the purpose or purposes for which they are processed.
  - iv. Personal data shall be accurate and, where necessary, kept up to date.
  - v. Personal data processed for any purpose or purposes shall not be kept for longer than is necessary for that purpose or those purposes.
  - vi. Personal data shall be processed in accordance with the rights of data subjects under the Act.
  - vii. Appropriate technical and organisational measures shall be taken against unauthorised or unlawful processing of personal data and against accidental loss or destruction or, damage to, personal data.
  - viii. Personal data shall not be transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection for the rights and freedoms of data subjects in relation to the processing of personal data.
4. The Trustees have a responsibility to ensure that personal data dealt with in the course of the Scheme's business is handled in accordance with statutory requirements and reasonable steps will be taken by all concerned to ensure this duty is observed.
5. The Trustees will take such measures as may be necessary to ensure the proper training, supervision and instruction of all relevant employees in matters pertaining to data protection in relation to the Scheme.
6. The Trustees will monitor on an ongoing basis compliance with the Act by third party processors of the scheme's data.
7. The person having overall responsibility for data protection will be the Trustees' appointed Data Protection Compliance Officer, who is currently the Pensions Manager.

# Glossary

## Actuary

The Actuary is appointed by the Trustees to advise on the funding of the Scheme and the calculation of Scheme benefits.

## AVCs

Additional Voluntary contributions that can be paid under the LSC added years scheme.

## Capped Member

A person who would have been subject to the Earnings Cap if the requirements for Her Majesty's Revenue and Custom's approval had continued after 5 April 2006.

## Child or Children

The natural child, a step-child, an adopted child, a child of a dead brother, sister or child of that member or any other child towards whose maintenance the member became legally obliged to contribute before the material date. A person can only be a child if they have not reached age 18 or are under age 23 years of age and in receipt of full time education or vocational training. A person can only be treated as a child if they are wholly or mainly dependent on the member at date of death.

## Contracted-out membership

Membership of the Scheme while you were in contracted-out employment.

## Dependant

Any person, other than your Spouse, who is opinion of the Trustees partly or wholly financially dependent on the member for all or part of the necessities of life or who was so at the time of your retirement or death.

## Earnings

Your basic salary or wages from the LSC (including any permanent allowances but excluding overtime and any incentive payments you might earn). A small number of high earning members may have their Earnings definition restricted by the Scheme specific Earnings Cap. Your basic salary or wages are your basic salary or wages before any salary sacrifice arrangement.

If you work part time your benefits may be calculated using full time equivalent salary for certain purposes.

## Earnings Cap

In relation to the period up to 6 April 2006 the amount which would have been the earnings cap in any tax year under tax regime that applied before 6 April 2006 and in relation to the period on and after 6 April 2006 the amount which would have been the earnings cap from time to time if the pre 6 April 2006 tax regime had continued after that date.

## Employer

The Legal Services Commission but, if appropriate, it can mean any subsidiary or associated employer which takes part in the Scheme.

## Final Pensionable Earnings

Your highest Pensionable Earnings in the three years ending on your Normal Pension Date or the date you leave the Scheme, if this is earlier. Final Pensionable Earnings for a Capped Member cannot exceed the Earnings Cap in any tax year

## Guaranteed Minimum Pension (GMP)

As the Scheme is contracted out of the State Second Pension some members will have built up GMP for service prior to April 1997. This pension receives different increases to the other element of pension for service post April 1997.

## Incapacity

Permanent, physical or mental deterioration, which is bad enough to prevent you from following your normal employment. It does not mean simply a decline in energy or ability. Medical evidence is obtained to prove this. After 6th April 2006 a pension can, in addition, only be paid early on grounds of Incapacity if:

- a. the Trustees are satisfied on the basis of evidence received from a medical practitioner, that the member is (and will continue to be) incapable of carrying on the member's occupation because of physical and mental impairment; and
- b. the member has in fact ceased to carry on the member's occupation.

## HMRC

Her Majesty's Revenue and Customs (formally the Inland Revenue).

## Normal Pension Date

Our Scheme Normal Pension Date is generally your 60th birthday. However, if you continue to accrue benefits after age 60 your Normal Pension Date will be the date you retire and take your benefits from the Scheme or age 65 if earlier. If you remain in service on and after age 65 your Normal Pension Date will remain age 65.

## Pensionable Earnings

Your Earnings in the year immediately preceding the relevant date. In the case of a Capped Member your Earnings cannot exceed the Earnings Cap.

## Pensionable Service

The period you will have been in the Scheme qualifying for full benefits up to the earlier of:

- The date you actually retire, or die if earlier; or
- The date on which you leave the Scheme.

Pensionable Service may be increased if benefits have been transferred into the Scheme, or if you have made AVCs. Pensionable service is subject to a maximum of 40 years.

## Qualifying Service

Two years of Pensionable Service in the Scheme. If a transfer payment has been made from another occupational pension scheme any period of service is added when establishing whether the two years Pensionable Service requirement is met.

## Scheme

In this guide, the Scheme refers to the Legal Services Commission Staff Pension and Assurance Scheme No 4.



## Spouse

This is generally your legally married wife, husband or registered civil partner. If you die within 6 months of entering into a marriage or registering a Civil Partnership the Trustees have discretion to recognise that person as your Spouse. Also for the purposes of determining your benefits under the Scheme you are not able to have more than one Spouse. If you are validly married to more than one person under the laws of another country the Trustees will decide which person should be recognised as your Spouse for benefit purposes.

## State Second Pension (S2P)

A separate part of the State pension based on the amount of your earnings since 6 April 1978 on which you have paid National Insurance contributions. Before April 2002, the Second State Pension was known as the State Earnings Related Pension Scheme (SERPS). The Scheme is contracted out of the State Second Pension.

## Transfer Club

The Transfer Club consists of a number of final-salary occupational pension schemes that have agreed reciprocal transfer arrangements.

The club offers employees who move between employers covered by separate club schemes the opportunity to transfer their accrued pension benefits on special terms. In general, when such employees transfer their pension benefits between club schemes, they will receive a broadly equivalent service credit in the new scheme, regardless of any increase in salary on moving.

# Useful contacts

Below are the contact details for other people or organisations you may wish to get in touch with.

## The Pensions Advisory Service (TPAS)

An independent non-profit organisation that provides free information, advice and guidance on the whole spectrum of pensions, including State, Company and Personal Stakeholder Pensions. TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with any pension query they may have and any difficulty which they have failed to resolve with the trustees or administrators of the Scheme.

If you wish to contact TPAS their address is:



11 Belgrave Road  
London, SW1V 1RB



Telephone: 0845 601 2923 or



visit their website [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## Pensions Ombudsman

The Ombudsman appointed under section 145(2) of the Pension Schemes Act 1993 can investigate and decide upon complaints and disputes involving the management and running of occupational pension schemes made in accordance with the Pension Schemes Act 1993, i.e. maladministration of the scheme or matters of fact or law. Their service is free and open to members /beneficiaries who have a complaint against those responsible for the running of or Administration of pension schemes.

If you wish to contact the Pensions Ombudsman the address is:



11 Belgrave Road  
London, SW1V 1RB



Telephone: 020 7834 9144 or





visit their website [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## Pension Schemes Registrar

Information about the Scheme has been given to the Pension Schemes Registrar under the management of the Pensions Regulator.

The address for the Pension Schemes Registrar is:


 Registrar of Pension Schemes  
PO Box 1NN  
Newcastle upon Tyne, NE99 1NN


 Telephone: 0191 225 6393

## Pensions Regulator

The Regulator is the governing body for all occupational pension schemes. They are able to intervene in the running of a scheme and issue fines where the Trustee, employer or professional advisers have failed in their duties.

Should you need to contact the Regulator, the address is:

 The Pensions Regulator  
Napier House  
Trafalgar Place  
Brighton, BN1 4DW


 Telephone: 0870 606 3636 or


 visit their website [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)


## Financial Services Authority (FSA)

Regulators to investment Providers and in the sale and marketing of investment products, including pensions. For example, Personal and Stakeholder Pension plans and free standing AVC arrangements.

If you wish to contact the FSA, the address is:

 25 The North Colonnade  
Canary Wharf  
London, E14 5HS

 Telephone: 0845 606 1234 or

 visit their website [www.fsa.gov.uk](http://www.fsa.gov.uk)



