OFFICERS
RETIREMENT BENEFITS
SCHEME
AND
PERMANENT HEALTH INSURANCE
SCHEME

EXPLANATORY BOOKLET
TRUSTEES NOTICE TO ALL OFFICER MEMBERS

The scheme rules provide for the trustees to exercise discretion on a number of matters. It has been agreed by the trustees that, always subject to any overriding limits imposed by the Inland Revenue, the following extensions shall apply:

EARLY RETIREMENT: an officer may elect to retire at age 63 and, in that event, retirement benefits shall be increased by a further two years notional membership (Note: actual membership under ten years could limit the pension, actual service under twenty years could limit the lump sum payment).

FINAL PENSIONABLE SALARY: on retirement or death in service, but not disablement, the base salary used to calculate benefits will be the annualised rate of salary being received at death or retirement (Note: this may not be possible where actual or potential service approaches forty years).

DISCRETIONARY DEATH BENEFITS: it is recommended that an officer wishing to make provision for a dependant, other than a spouse, should write to the trustees indicating his wishes.

September, 1980
INTRODUCTION

This booklet describes the Association of Scientific Technical and Managerial Staffs Officers' Retirement Benefits Scheme and Permanent Health Insurance Scheme, known together as the Association's Scheme.

The Retirement Benefits Scheme was brought into operation on 1st January, 1962 and was revised with effect from 1st January, 1974.

The Permanent Health Insurance Scheme was introduced on 1st January, 1974 and with effect from the 1st January, 1980 will be operated in the manner described in this booklet.

The Association's Scheme provides:

(a) a pension for you when you retire, with the options of

(i) taking part of it in the form of a tax-free cash sum, and

(ii) giving up part of it to provide a pension for a Dependant when you die;

(b) life assurance benefit if you die in the Association's service before the date you would normally retire;

(c) if you are married, a pension for a Dependant on your death either in the Association's service, or after retirement; and

(d) a permanent health benefit, payable if you are unable to work for a period in excess of 26 weeks because of your injury or illness.

This booklet describes the various benefits payable under the Association's Scheme and the ways that various circumstances can affect them.

The new State Pension Scheme, operating from April, 1978, provides two levels of pension:

(a) a basic pension, and

(b) a further "earnings related" pension.

Because the Association's Scheme offers you substantially better benefits, as soon as you join that Scheme, you are "contracted-out" of the "earnings related" part of the State Pension Scheme. This means:

(a) you will only be entitled to the basic pension under the State Pension Scheme;
**DEFINED TERMS**

Throughout this booklet you will find a number of technical terms being used. They have the following meanings:

**"NORMAL RETIREMENT DATE"**
The date on which in normal circumstances you will retire and receive your pension, being either your 65th birthday if you are male, or your 60th birthday if you are female.

**"PENSIONABLE SALARY"**
On each 1st January Pensionable Salary is calculated as your basic annual salary and remains at that figure for the next twelve months. Your contributions to the Retirement Benefits Scheme and your life assurance benefit are based on Pensionable Salary.

**"FINAL PENSIONABLE SALARY"**
Final Pensionable Salary means your Pensionable Salary at 1st January prior to your Normal Retirement Date, or prior to your earlier date of retirement, leaving the Association's service or death.

Your own pension and the pension payable to your widow on your death in the Association's service are based on Final Pensionable Salary.

**"PENSIONABLE SERVICE"**
The total number of complete years of your continuous service with the Association up to your Normal Retirement Date from the date of joining the service of the Association but not exceeding forty such years.

**"DEPENDANT"**
Dependant means your spouse, child (until he/she reaches the age of 18 or ceases to receive full time educational or vocational training, if later) and any individual who is financially dependent on you at the date of your death or retirement.

**"GUARANTEED MINIMUM PENSION" (G.M.P.)**
The G.M.P. is the minimum pension with which you must be provided under the Retirement Benefits Scheme to match the "earnings related" pension under the State Pension Scheme in relation to each tax year during which you are contracted-out of that Scheme.

**INTRODUCTION (Continued)**

(b) your "earnings related" pension will be provided through the Retirement Benefits Scheme instead of the State Pension Scheme; and

(c) your contributions to the State Pension Scheme (made through National Insurance contributions) will be reduced.

More details about the State Pension Scheme and its relationship with the Retirement Benefits Scheme will be found in later sections of this booklet.

This booklet is descriptive only, and does not govern the administration of the Association's Scheme. The formal documents which do govern the Scheme may be inspected if more detail is required.

Dated: September, 1980.
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YOUR PENSION (Continued)

NOTE: The exercise of either or both of options (b) and (c) must not reduce the pension you receive below your G.M.P.

(d) Date of retirement

Although it is normally expected that you will retire on your Normal Retirement Date, circumstances may dictate that you retire earlier or later than that date.

(1) Retiring early

If you retire early, you may choose to receive your pension payable immediately. The amount will be calculated as follows:

(a) Your pension entitlement at the Normal Retirement Date will be calculated based on your completed Pensionable Service and your Final Pensionable Salary at the date of your retirement.

(b) The result will then be reduced by a figure calculated in accordance with actuarial advice, which takes account of the fact that the pension is being paid from a date earlier than your Normal Retirement Date.

Notes:

1. The amount of your early retirement pension will not be less than your G.M.P. revalued up to your Normal Retirement Date.

2. Early retirement can normally take effect on or after your 50th birthday, but not before. The exception to this is that you may retire before your 50th birthday if you are in circumstances of exceptionally serious ill-health, of which the Trustees shall be the judge.

3. The amount of cash you can take by exchanging part of your pension will be reduced.

4. Early retirement benefits may have to be restricted if Inland Revenue limits would otherwise be exceeded.
YOUR PENSION (Continued)

(2)  Retiring late

Even if you retire late, you may still take your pension as if you had retired on your Normal Retirement Date, but you will probably wish to defer its payment until the date you actually retire.

If you do decide to defer your pension, it will be increased in amount to take account of the period between the Normal Retirement Date and the date payment actually commences. This increase, insofar as it applies to the G.M.P., will not be less than 1/7% for each complete week of deferment as long as the deferment is for at least 7 weeks.

CONTRIBUTIONS

Each year you will contribute 5% of your Pensionable Salary to the Retirement Benefits Scheme. The rest of the money required to purchase the benefits will be provided by the Association.

In order to increase the amount of your pension you may elect to pay additional voluntary contributions to the Retirement Benefits Scheme. Fuller details about these contributions can be obtained from the Trustees.

If you stay in the Association's service after your Normal Retirement Date you will cease to pay contributions.

Your contributions should attract full tax relief so the net amount you pay will be substantially reduced.

DEATH BENEFITS

The amount payable will depend on the date of your death.

(a)  Death in the Association's service before Normal Retirement Date

In these circumstances a lump sum equal to four times your Pensionable Salary will be payable together with an amount equal to your contributions to the Retirement Benefits Scheme. They will be dealt with in the manner described later under the heading "Benefits payable at Trustees' Discretion".

(b)  Death in the Association's service after Normal Retirement Date

In addition there will be paid to your Dependant a pension equal to two-thirds of your total expected pension at Normal Retirement Date based on your Final Pensionable Salary at the date of your death. The pension will commence immediately and will be paid by monthly installments for the remainder of your Dependant's lifetime, or until the earlier date of ceasing to be a Dependant. Within the context of the Social Security Pensions Act 1975 Dependant for the purposes of the G.M.P. shall always mean "Widow".

Any additional pension benefit in excess of the Guaranteed Minimum Pension may be, subject to the Trustees' discretion, paid to some other Dependant. Dependant is a "defined term" and apart from spouse or child includes an individual who is financially dependent upon you at the date of your death.

DEATH BENEFITS (Continued)

In addition, there will be paid to your Dependant a pension equal to two-thirds of your total expected pension at Normal Retirement Date based on your Final Pensionable Salary at the date of your death. The pension will commence immediately and will be paid by monthly installments for the remainder of your Dependant's lifetime, or until the earlier date of ceasing to be a Dependant. Within the context of the Social Security Pensions Act 1975 Dependant for the purposes of the G.M.P. shall always mean "Widow".

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DEATH BENEFITS (Continued)

(c) Death after Retirement

If you die after retirement but before you have received five years' payments of your pension, there will be payable a lump sum equal to the value of the unpaid balance of five years' instalments. It will also be dealt with in the manner described later under the heading “Benefits payable at Trustees’ Discretion”.

In addition, there will be paid to your Dependant a pension equal to two-thirds of your pension entitlement at the date of your death (including the pension value of any cash sum you have taken and any pension surrendered for a Dependant). The pension shall be payable by monthly instalments in advance the first instalment being due on the date of the next instalment of your pension and the last instalment being due immediately prior to:

(i) the death of the said Dependant, or
(ii) the date on which the Dependant ceased to be a Dependant.

Within the context of the Social Security Pensions Act 1975 Dependant for the purposes of the G.M.P. shall always mean ‘Widow’.

It is a statutory requirement that the Widow's G.M.P. is paid to your Widow. Any excess benefit available over the G.M.P. may, at the Trustees' discretion, be paid to an individual who is financially dependent at the date of your death.

(d) Benefits payable at Trustees' Discretion

Lump sum benefits payable on your death will be held by the Trustees on trust to pay them to, or apply them for the benefit of, such one or more of your relatives, Dependents and legal personal representatives in such shares and in such manner as the Trustees shall decide.

As long as the benefits are payable in this way, no liability for Capital Transfer Tax should arise.

The Trustees do, however, invite you to indicate your wishes about who should receive these benefits by completing a “Nomination Form” which can be obtained from the Trustees. The Trustees will give consideration to your wishes, but will remain free to decide whether to put them into effect.

(e) Evidence of Insurability

Benefits beyond certain limits which are payable on death before retirement are subject to evidence of insurability. If such evidence of insurability is unsatisfactory or is not supplied to the Insurance Company, the benefits described may be restricted to the minimum which the Retirement Benefits Scheme must provide to meet contracting-out requirements.

TEMPORARY ABSENCE FROM WORK

If your absence is due to your own injury or illness your membership of the Retirement Benefits Scheme will be continued and after six months you will also be entitled to benefit under the Permanent Health Insurance Scheme as specified in Part II.

If your absence is for any other reason, what happens will depend very much on the circumstances of each case, but normally death in service benefits will not be payable after you have been away for twelve months.

The Trustees will advise you what will happen in your particular circumstances.

PROTECTION AGAINST INFLATION

The State increases all G.M.P.s for you or your widow in line with prices, by making additions to the State pensions.

LEAVING SERVICE BEFORE RETIREMENT

If you leave the Association’s service before retirement, the benefits to which you will be entitled will depend on the circumstances.

The series of questions on the chart on the following page will lead you to which of the alternatives A to E on the pages after the chart are available in the particular circumstances in which you are leaving service.
Are you at least 26?

YES

NO

Have you been Contracted-Out for at least 5 years?

YES

NO

Have you completed at least 5 years Qualifying Service?

YES

NO

Did your Qualifying Service start before 6 April 1975?

YES

NO

You may choose whether to take the benefits shown in C or in D. If you choose to take the benefits shown in D, the Trustees may decide to grant you the benefits shown in A instead.

You will be automatically entitled to the benefits shown in A.

NOTE: The power which the Trustees have in some cases to grant better benefits than you choose will not normally be used if you are leaving voluntarily, or if you are being dismissed through fraud or misconduct.

The Retirement Benefits Scheme will provide a pension for you at your Normal Retirement Date of a proportion of the amounts to which you would have become entitled had you remained in the Association's service up to your Normal Retirement Date. The calculation of these benefits will be based on your completed Pensionable Service and your Final Pensionable Salary at the date of leaving.

The actual amount of pension secured by any transfer value paid into the Scheme will also be payable.

The pension payable will not be less than your G.M.P. at retirement.

If you subsequently die before retiring and before your Normal Retirement Date, there will be payable a refund of the gross amount of your own contributions paid into the Scheme (whether directly or as part of a transfer value): if you are a married man and die in these circumstances the Widow's G.M.P. will be payable to your widow for the remainder of her lifetime.

A. The gross amount of your own contributions paid into the Retirement Benefits Scheme (whether directly or as part of a transfer value) will be returned to you, after two deductions:

1. the amount equivalent to your share of the cost of reinstating your benefits in the State Pension Scheme, and
2. tax, currently at 10%, on the net amount of the refund after the first deduction.

You will then cease to be entitled to any further benefit from the Retirement Benefits Scheme.

B. The gross amount of your own contributions paid into the Retirement Benefits Scheme (whether directly or as part of a transfer value) will be returned to you, after two deductions:

1. the amount equivalent to your share of the cost of reinstating your benefits in the State Pension Scheme (even though no payment will be made to the State Scheme in these circumstances), and
2. tax, currently at 10%, on the net amount of the refund after the first deduction.

The Retirement Benefits Scheme will also provide the G.M.P. from your Normal Retirement Date, and if you are a married man and die leaving a widow, the Widow's G.M.P. will be payable for the remainder of her lifetime.
D. The Retirement Benefits Scheme will provide whichever is the greater of the following at your Normal Retirement Date:

1. the benefits which are purchased by your own contributions to the Scheme and by any transfer value paid into the Scheme, and
2. the G.M.P.s for both you and your widow.

If you subsequently die before retiring and before your Normal Retirement Date, there will be payable a refund of the gross amount of your own contributions paid into the Scheme (whether directly or as part of a transfer value): if you are a married man and die in these circumstances the Widow's G.M.P. will be payable to your widow for the remainder of her lifetime.

E. The gross amount of your contributions paid prior to 6th April, 1975 either to the Retirement Benefits Scheme or to any scheme from which a transfer value has been paid to the Scheme will be returned to you after the deduction of tax, currently at 10%.

The Scheme will also provide you with the benefits set out in A, calculated as if your membership of the Scheme had started on 6th April, 1975. No pension benefits will be provided for any period in respect of which you have taken a refund of contributions.

NOTES:

1. If you leave the Association's service and remain entitled to benefits under the Retirement Benefits Scheme, the normal options regarding early and late retirement, cashing part of the pension and surrendering part in favour of a Dependant will still apply, subject to the overall restriction that you cannot reduce your benefits below the level of the G.M.P.

2. To replace the death in service benefits you lose when you leave the Association's service, provided at the date of leaving you are less than 60 years of age and not retiring on pension, the Insurance Company is prepared to consider a proposal made within 31 days of the date of leaving for a Whole of Life or Endowment Assurance Policy for a sum assured not exceeding the value of your death in service benefits, without calling for further evidence of your health. Any rating applied to your benefits in the Retirement Benefits Scheme would be reflected in the premium for this new policy.

PART II
PERMANENT HEALTH INSURANCE SCHEME

OBJECT
The object of the Permanent Health Insurance Scheme is to provide an income for any member who is unable to work as a result of prolonged injury or illness.

ELIGIBILITY
All members of the Retirement Benefits Scheme are eligible for membership of the Permanent Health Insurance Scheme and will normally become members at the same time as they join that Scheme.

If you are absent from work due to injury or illness on the day on which you are to be included in the Permanent Health Insurance Scheme you will not normally be covered for disability benefit until you have been continuously at work for two months, or have provided evidence of health satisfactory to the Insurance Company.

THE BENEFIT
Your disability benefit will be 75% of your Pensionable Salary less a deduction of the amount of your National Insurance Benefit calculated on 1st January immediately prior to the commencement of absence and will be payable when you are unable to follow your occupation for a continuous period of 26 weeks.

Any benefit being paid will increase at the compound rate of 5% per annum for each complete year of payment of the benefit. The first such increase will take effect after twelve monthly payments of benefit.

ENTITLEMENT TO BENEFIT
If you are totally disabled due to injury or illness, you will receive the benefit after six months' continuous absence from work.

Should your health subsequently improve and your disability becomes only partial and you follow a new and less well paid occupation whether or not with the Association, you will receive a reduced benefit proportionate to the loss of earnings. If after you have been receiving benefit and this benefit continues to be payable, you return to your own occupation on a part time basis (with the approval of your medical attendant) and you receive a reduced remuneration, a reduced benefit shall be payable. The reduced benefit will be the proportion of the full benefit described above as the actual reduction in your remuneration bears to the salary upon which the full benefit was payable.
PAYMENT OF BENEFIT

The benefit will be paid monthly in arrear as salary by the Association commencing at the end of the seventh month of disability. The benefit is payable until whichever is the earliest of full recovery, death, early retirement or retirement at Normal Retirement Date.

You will not be entitled to benefit if your disability results directly or indirectly from war (whether declared or not).

EVIDENCE OF HEALTH

For certain levels of benefit and increases in cover the Insurance Company may ask for evidence of your health. If you are affected the Association will let you know what is required.

EFFECT ON PENSION AND LIFE ASSURANCE ARRANGEMENTS

If you become entitled to benefit under the Permanent Health Insurance Scheme, your membership of the Retirement Benefits Scheme will continue, based on your Pensionable Salary at the last date on which you were able to work. The Association has made arrangements for your contributions to that Scheme to be paid for you.

However, in the event of your death before Normal Retirement Date such contributions paid on your behalf by the Association will not form part of your death benefit under the Scheme.

LEAVING SERVICE

If you leave the Association’s service before age 60 you will be able to effect an individual policy with Crusader Insurance Company Limited for similar benefits to those provided under the Permanent Health Insurance Scheme. This option is subject to your new occupation and place of residence being satisfactory to the Insurance Company.

If you wish to exercise this option you must give notice to the Insurance Company within 31 days of leaving service.

WORKING ABROAD

If you should be temporarily employed or travelling in the European Economic Community, the United States of America, Australia, Canada or New Zealand, the Permanent Health Insurance Scheme benefit will be payable as if you had been in the United Kingdom.

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Your disability benefit will be 75% of your Pensionable Salary less a deduction of the amount of your National Insurance Benefit calculated on 1st January immediately prior to the commencement of absence and will be payable when you are unable to follow your occupation for a continuous period of 26 weeks.

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If you are totally disabled due to injury or illness, you will receive the benefit after six months’ continuous absence from work. Should your health subsequently improve and your disability becomes only partial and you follow a new and less well paid occupation whether or not with the Association, you will receive a reduced benefit proportionate to the loss of earnings. If after you have been receiving benefit and this benefit continues to be payable, you return to your own occupation on a part time basis (with the approval of your medical attendant) and you receive a reduced remuneration, a reduced benefit shall be payable. The reduced benefit will be the proportion of the full benefit described above as the actual reduction in your remuneration bears to the salary upon which the full benefit was payable.
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WORKING ABROAD (Continued)

This will also apply if you are outside these countries for a period which does not exceed 90 days in any twelve months. If, however, you are outside the above countries for a period in excess of 90 days in any twelve months and the benefit becomes payable, it will only be payable for 20 weeks unless you return to the United Kingdom in which event the benefit will continue to be paid.

ALTERATION OR TERMINATION

The Association reserves the right to terminate or to amend the Permanent Health Insurance Scheme at any time, but this would not prejudice benefits which were already being paid.

GOVERNING DOCUMENTS

The Permanent Health Insurance Scheme is governed by a Policy a copy of which will be available for inspection on request.