CLERICAL
STAFF PENSION FUND
AND
PERMANENT HEALTH INSURANCE
SCHEME

EXPLANATORY BOOKLET

(1983)
A.S.T.M.S. CLERICAL
STAFF PENSION FUND
AND
PERMANENT HEALTH INSURANCE SCHEME
for Clerical Staff Employees of the
ASSOCIATION OF SCIENTIFIC TECHNICAL
AND MANAGERIAL STAFFS

Arranged by

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INTRODUCTION

This booklet describes the Association of Scientific Technical and Managerial Staffs Clerical Staff Pension Fund and Permanent Health Insurance Scheme known together as the Association’s Scheme.

The Staff Pension Fund was brought into operation on 1st January, 1963 and was revised with effect from 1st January, 1974 and 1st January, 1977.

The Permanent Health Insurance Scheme was introduced on 1st June, 1977 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:

INTRODUCTION (Continued)

(a) you will only be entitled to the basic pension under the State Pension Scheme;
(b) your “earnings related” pension will be provided through the Staff Pension Fund 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 Staff Pension Fund 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
DEFINED TERMS

Throughout the 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.

"SALARY"

On each 1st January Salary is calculated as your basic annual salary and remains at that figure for the next twelve months. Your contributions to the Staff Pension Fund and your life assurance benefit are based on Salary.

"FINAL SALARY"

Final Salary means your 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 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 Staff Pension Fund 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.

DEFINED TERMS (Continued)

There is also a Widow’s G.M.P., which is one half of the G.M.P. payable on the death of a married male member.

If you remain contracted-out from 6th April, 1978 to your Normal Retirement Date, your G.M.P. will be virtually identical to the "earnings related" pension under the State Pension Scheme which is described in the "STATE PENSION SCHEME" section of the booklet.

"QUALIFYING SERVICE"

This means the length of time during which you have been a member of the Staff Pension Fund or any other pension scheme run by the Association. If before joining the Association you were a member of another employer’s scheme and brought a transfer value with you, the periods of pensionable service under both schemes must be linked for qualifying purposes. Even though the number of "years" credited in the Staff Pension Fund may be more or less than the number of years pensionable service under the earlier scheme, the Staff Pension Fund would have to take into account for qualifying purposes the actual pensionable service in the first scheme.
PART I
STAFF PENSION FUND
ELIGIBILITY

Employees who are eligible to join the Staff Pension Fund are all permanent full-time clerical staff employees who are between the ages of 18 and 64 if male or 18 and 59 if female and have completed at least six months’ continuous and unbroken service with the Association on a 1st January, which is the day in each year on which new members are admitted to the Staff Pension Fund.

YOUR PENSION

Your pension at Normal Retirement Date will be one-sixtieth of your Final Salary for each year of your Pensionsable Service.

Your pension will not be less than your G.M.P.

(a) Payment of Pension

Your pension will be payable by monthly instalments, from which income tax will be deducted.

(b) Exchanging part of your pension for cash

As long as the Trustees’ agreement is obtained, at retirement you can exchange part of your pension for a tax-free cash sum, the maximum amount of which is one and a half times your earnings at retirement. Only if you have completed at least 20 years’ service with the Association can you take this maximum sum; a sliding scale operates for members with less than 20 years’ service.

(c) Exchanging part of your pension for a Dependant’s pension

It will normally be possible for you to exchange part of your pension to provide a pension for a Dependant payable from the date of your death. The pension for the Dependant must not be greater than the pension you retain.

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.

ELIGIBILITY (Continued)

(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 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.

(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 1½% 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 Salary to the Staff Pension Fund. 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 Staff Pension Fund. 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 salary at the date of your death will be payable, together with an amount equal to your contributions to the Staff Pension Fund. They will 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 total expected pension at Normal Retirement Date based on your Final Salary at the date of your death. The pension will commence immediately and will be paid by monthly instalments 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 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.

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

If you are still in the Association’s service after your

DEATH BENEFITS (Continued)

Normal Retirement Date but have already taken your pension, the benefits are described later under the heading “Death after Retirement”.

If you have not started to receive your pension, there will be payable a lump sum equal to the value of five years’ payments of the pension which would have been payable had you retired on the day before your death. It will 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 one-half of the pension which would have been payable to you had you retired on the day before 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 your death and the last instalment on the date immediately prior to:-

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

(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.
(c) Death after Retirement (Continued)

Within the context of the Social Security Pensions Acts 1975 Dependant for the purposes of the G.M.P. shall always mean “Widow”.

It is a statutory requirement that the Widow’s GMP is paid to your widow. Any excess benefit available over the GMP 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 Staff Pension Fund 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 Staff Pension Fund 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 12 months.

TEMPORARY ABSENCE FROM WORK (Continued)

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

PROTECTION AGAINST INFLATION

The Staff Pension Fund helps to provide protection against inflation by increasing the pensions it provides by 5% per annum compound. Exceptions to this will be found in the LEAVING SERVICE BEFORE RETIREMENT section of the booklet.

There is a restriction to this increase, in that if the Government’s Index of Retail Prices over a period does not increase at more than 5% per annum compound, the increases in pension will be reduced over that period to fall in line with that Index.

In addition to provisions made under the Staff Pension Fund 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.
A. The Staff Pension Fund will provide retirement benefits 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 Salary at the date of leaving.

The actual amount of pension secured by any transfer value paid into the Staff Pension Fund 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 Staff Pension Fund (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. Note, however, that no increases in this pension will be provided by the Staff Pension Fund.

B. The gross amount of your own contributions paid into the Staff Pension Fund (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 Staff Pension Fund.

C. The gross amount of your own contributions paid into the Staff Pension Fund (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 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.

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 Staff Pension Fund 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. Note, however, that no increase in either of these payments will be provided by the Staff Pension Fund.

2. The Staff Pension Fund 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 Staff Pension Fund and by any transfer value paid into the Staff Pension Fund;
   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 Staff Pension Fund (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. Note, however, that no increase in this portion will be provided by the Staff Pension Fund.

E. The gross amount of your contributions paid prior to 6th April, 1975 (or to any scheme from which a transfer value has been paid to the Staff Pension Fund) will be returned to you after the deduction of tax, currently at 19%

The Staff Pension Fund will also provide you with the benefits set out in A. calculated as if your membership of the Staff Pension Fund 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 (Continued)

date of leaving you are less than 60 years of age and are 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 benefit, without calling for further evidence of your health. Any rating applied to your benefits in the Staff Pension Fund would be reflected in the premium for this new policy.

3. You will receive a note of the actual benefits to be provided under the Staff Pension Fund when you leave service.

4. If when you leave the Association's service you join another scheme which is contracted out, you may request the Trustees to pay a transfer value to the new scheme and have all your benefits provided under the new scheme.

HOW THE STAFF PENSION FUND OPERATES

The Staff Pension Fund is established by the Association under trust and all the assets of the Fund are held quite separately from the Association's assets by Trustees appointed by the Association, to provide the Fund's benefits to the appropriate members and other beneficiaries in accordance with the governing Trust Deed and Rules.

The formal governing documents will be available for inspection by members who wish to have more detail than this booklet provides.

The assets of the Fund are invested by the Trustees in appropriate policies issued to the Trustees by Croner Assurance Company Limited of Reigate, Surrey, to provide the necessary benefits.

The Association hopes that the Fund will continue indefinitely, but has the right to discontinue or amend it at any time if for any reason, whether financial or otherwise, it feels that such action is appropriate. Benefits already accrued or in payment would not normally be affected by such action.

You should note that the benefits under the Staff Pension Fund are entirely personal and cannot be assigned or pledged or alienated in any way, nor can they be used as security.
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 illness or injury.

ELIGIBILITY

All members of the Staff Pension Fund are eligible for membership of the Permanent Health Insurance Scheme and will normally become members at the same time as they join the Fund.

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 of an amount equal to 50% of your salary calculated on the 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.

ENTRITTMENT 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 not 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 remuneration 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 earlier 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 benefits and increases to 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 Staff Pension Fund will continue, based on your salary at the last date on which you were able to work. The Association has made arrangements for your contributions to that Fund 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 Fund.

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. 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 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.
If you would like any further explanation about your Pension Scheme Benefits, advice is available to you from

ASTM S INSURANCE SELECTION LTD,
131, NEW LONDON ROAD, CHELMSFORD,
ESSEX, CM2 0QZ.
TELEPHONE NO: (0245) 51581

Personal advice is also available on other financial & insurance subjects.

for example:

* ADDITIONAL VOLUNTARY CONTRIBUTIONS TO THE PENSION SCHEME

* HOUSE PURCHASE
  * HOME INSURANCE

* INVESTMENT
  * MOTOR INSURANCE

* REGULAR SAVINGS
  * LIFE INSURANCE