



THE MSF PENSION SCHEME

EXPLANATORY BOOKLET



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THE MSF PENSION SCHEME

SUMMARY OF THE MAIN BENEFITS

1. **Member's Contributions**

6% of Pensionable Salary (5% while under age 25).

(See section 3).

2. **Pension at Normal Pension Date**

1/60th of Final Pensionable Salary for each year of Pensionable Service.

Part of your pension may be available in the form of a tax-free cash sum.

(See sections 4 and 5)

3. **Death in Pensionable Service before Normal Pension Date**

A lump sum of 4 times Pensionable Salary.

A spouse's pension of one-half of the pension you would have received at Normal Pension Date if you had remained in service until then based on your Pensionable Salary at your date of death.

(See section 6)



THE MSF PENSION SCHEME

SUMMARY OF THE MAIN BENEFITS

4. Death after Retirement

A spouse's pension of one-half of your pension
plus

if you die before receiving your pension for 5 years, a lump sum equal to the total pension payments due over the remainder of that period at the rate applicable at the date of your death.

(See section 6)

5. Leaving Pensionable Service before Normal Pension Date

If you have completed two or more years' Qualifying Service you will be entitled to a deferred pension payable from age 60 or to a transfer value payable to the scheme of your new employer, to an insurance company or to a personal pension arrangement.

If you have completed less than two years' Qualifying Service the contributions you have paid will normally be refunded.

(See section 7)



1. INTRODUCTION

This booklet describes the main features of the MSF Pension Scheme, which provides:

- a pension for you when you retire, with the option to take part of the pension as a tax-free cash sum;
- a pension for your legal spouse on your death; and
- a lump sum for your family or dependants if you should die whilst employed by the Union plus a pension for your legal spouse.

This booklet describes the benefits provided by the Scheme from 1 June 1992.

You will find a number of technical terms used in this booklet. This is what they mean:

Dependant	a person who, at the time you die or retire, is financially dependent on you.
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Final Pensionable Salary	means your basic pay (exclusive of overtime or any other fluctuating remuneration, but inclusive of any Service Increment or London Allowance) received in the twelve months ending on your Normal Pension Date (or the earlier date on which you leave Pensionable Service)
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Normal Pension Date	means your 65th birthday
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Pensionable Salary	means your annual rate of basic pay (exclusive of overtime or any other fluctuating remuneration, but inclusive of any Service Increment or London Allowance). It is fixed on the day you join the Scheme and on each subsequent 1 January
Pensionable Service	means the period, in years and months, of your continuous full time employment with the Union up to Normal Pension Date while a member of the Scheme
Qualifying Service	means your service with the Union which counts for pension under the Scheme plus, if you brought a transfer value with you when you joined the Scheme, service which counted for pension under your previous scheme
Scheme	means the MSF Pension Scheme
Union	means MSF



2. MEMBERSHIP

Membership of the Scheme is open to all members of staff who satisfy the following conditions:

- you are either a full-time employee or a permanent part-time employee working 15 or more hours a week and
- you are aged 18 or over but are less than 60.

You are required to complete an application form if you wish to join the Scheme.

If you choose not to join the Scheme when you are first eligible to do so (or decide to withdraw from the Scheme) you will not be able to join (or rejoin) at a later date.

If you wish to withdraw from the Scheme you must give three months' notice in writing to the Scheme Secretary.

If you are not a member of the Scheme you will no longer be covered for the lump sum death benefit described in Section 7.



3. CONTRIBUTIONS

The Scheme is financed by contributions from both the members and the Union.

Your contribution will be at the rate of 6% of your Pensionable Salary (5% while you are under age 25). This will be deducted from your pay before tax is calculated and will therefore qualify for full tax relief. For example, if you pay tax at the rate of 25%, and are over age 25, the net cost would be 4.5% of your Pensionable Salary.

The Union's contributions to the Scheme make up the difference between the members' contributions and the full cost of providing the benefits, and also include the cost of administering the Scheme. The Union's contributions vary from time to time, as recommended by an independent actuary and agreed with the Trustees.

You may also make Additional Voluntary Contributions (AVCs). The maximum contribution you may make is 15% of your gross earnings in any one year (including your ordinary contribution to the Scheme). Making AVCs is a very tax effective method of saving for your retirement as

- you get full tax relief, at your highest rate, on your contributions; and
- the interest on your savings is tax free.

Your contributions accumulate with interest until you retire (or leave) and will provide you with additional pension benefits.



4. PENSION BENEFITS ON RETIREMENT

Normal Retirement

On retirement at your Normal Pension Date you will be entitled to an annual pension of 1/60th of your Final Pensionable Salary for each year of Pensionable Service.

Early Retirement

You may retire at any time after your 50th birthday provided that, if you have not yet attained age 60, you obtain the consent of the Union and the Trustees.

You will receive an immediate pension calculated as for normal retirement except that it will be reduced to allow for early payment if you retire before your 60th birthday.

Early retirement pensions are reduced in this way because your pension will normally be paid for a longer period than if you retired at your Normal Pension Date. However, you should note that no reduction factor applies under the Scheme if you retire at age 60 or over.

Ill-health Retirement

With the consent of the Union and the Trustees, you may retire on account of serious ill-health (medical evidence will be required). You will receive an immediate pension calculated as for early retirement except that no reduction will be applied.

Late Retirement

If, with the consent of the Union, you remain in service after Normal Pension Date your pension will be deferred until you actually retire. Your pension will then be increased to allow for the period of deferment. No contributions will be payable after your Normal Pension Date.

General

All pensions will be increased when in payment as described in Section 9.



5. OPTIONS AVAILABLE ON RETIREMENT

Cash Lump Sum

On retirement you may exchange part of your pension for a tax free lump sum. The maximum amount of this lump sum is governed by Inland Revenue restrictions but could be up to 1½ times your Final Pensionable Salary depending on your total service with the Union. Further details can be obtained from the Scheme Secretary. Your remaining pension must not be less than the Guaranteed Minimum Pension (see Section 8).

The amount of pension which you have to give up for the lump sum depends on a number of factors including your age at retirement. A quotation will be given by the Scheme Secretary on request.

Additional Spouse's or Dependant's Pension

On retirement you may surrender a part of your pension to provide an additional pension for your spouse or for a dependant.

If you wish to exercise either of these options you should contact the Scheme Secretary at least one month, but not more than three months, before your retirement.



6. BENEFITS PAYABLE ON DEATH

6.1 Death In Service

If you die in service before your Normal Pension Date the following benefits will be payable.

Lump Sum

A lump sum equal to four times your Pensionable Salary at the date of your death will be paid to your spouse or dependants/relations. The Trustees will decide who will receive the benefit but to help this decision you may wish to indicate, in confidence, to whom you would like the money paid. A form is available for this purpose from the Scheme Secretary.

The lump sum is paid in this way to ensure that no Inheritance Tax will be payable.

Spouse's Pension

Your legal spouse will receive an immediate pension equal to one-half of your prospective pension; that is the pension which you would have received at Normal Pension Date had you remained in service until then based on your Pensionable Salary at the date of your death.

6.2 Death After Retirement

Lump Sum

If you die before you have received 5 years payment of your pension a lump sum will be payable equal to the last monthly instalment of pension which was paid prior to your date of death times the number of instalments which would have been paid between the date of death and the end of the 5 year period.



Spouse's Pension

Your legal spouse will receive a pension equal to one-half of your pension. This will be based on your pension before the exercise of any options under Section 5 plus any pension increases that you have received. Any additional spouse's pension paid under Section 5 will be added to this amount.

6.3 General

If your legal spouse is more than 10 years younger than you, the amount of spouse's pension will be reduced by 2½% for each year of difference over 10 years.

If you die after Normal Pension Date but before drawing your pension, benefits will normally be payable as if you had retired the day before your death.

Instead of the pensions payable to your legal spouse described in paragraphs 6.1 and 6.2 the Trustees have discretion to pay part or all of it to any one or more of your Dependants. It would assist the Trustees if you were to inform them in writing of any Dependants you would like to be considered for this benefit.



7. BENEFITS ON LEAVING THE SCHEME

7.1 After Completion of Two Years Qualifying Service

If you have completed more than 2 years' Qualifying Service then on leaving the Scheme you will be entitled to a deferred pension. Payment of this pension will start from age 60 when the options described in Section 5 will also be available.

The amount of this deferred pension will be calculated using the formula described in Section 4.

Your deferred pension will be increased between the date of leaving and age 60 in accordance with the method prescribed by legislation.

If you die before your deferred pension becomes payable:

- your legal spouse will be entitled to an immediate pension equal to one-half of your deferred pension.
- if no spouse's pension is payable, a lump sum equal to your contributions will be paid.

As an alternative to a deferred pension you may transfer your benefits to a new employer's pension scheme or to a personal pension arrangement.

7.2 Before Completion of Two Years Qualifying Service

If you leave the Scheme before you have completed 2 years' Qualifying Service you will normally receive a refund of all your contributions subject to the following deductions:

- your share of the cost of buying you back into the State Scheme; and



- tax on the balance, currently at the rate of 20%.

The first deduction referred to above, together with an amount from the Union, will be used to restore your benefits under the State Scheme to the level which would have applied had you not been contracted-out (see Section 8).

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8. STATE PENSION ARRANGEMENTS

When you retire, your pension will be paid from more than one source, depending on how many pension schemes you have belonged to during the course of your working life. In addition to your Scheme pension, you will usually be entitled to a pension from the State.

The State Scheme has two parts:

- * The State Basic Pension;
- * The State Earnings Related Pension.

As a member of the Scheme you are contracted-out of the State Earnings Related Pension Scheme (SERPS). Being contracted-out does not affect your State Basic Pension in any way. However, your State Earnings Related Pension is reduced in respect of the period for which you belong to a contracted-out scheme.

As a condition of contracting-out the Scheme will guarantee you a pension from State Pension Age (65 for men and 60 for women) which is roughly equivalent to the pension you would have built up in SERPS had you not been contracted-out. This is known as your Guaranteed Minimum Pension (GMP). In most cases though, your Scheme pension will be considerably higher. The Scheme also guarantees your widow/widower's GMP when you die.

As a result of being contracted-out, you pay a reduced rate of National Insurance contributions (unless you are a married woman or widow already paying at a reduced rate).



9. PAYMENT OF BENEFITS

Payment of your Pension

Your pension will be paid in advance on the first day of the month by equal instalments continuing throughout your life-time. The first payment will include a proportionate amount covering the period from the date you retire up to the end of that month.

Payment of a Spouse's Pension

Such a pension will begin with a payment on the first day of the month following the date of your death.

If you die in service there will be a proportionate payment covering the period from the date of your death up to the end of that month. After that it will be paid in advance on the first day of the month by equal instalments for the lifetime of your spouse.

Taxation of pensions from the Scheme

Pensions from the Scheme are treated as earned income for tax purposes and tax will be paid under the PAYE system.

Pension Increases

All pensions in payment are increased by 5% each year (or the increase in the Retail Price Index, if less).

In addition, there is a provision for increases to be granted to pensions in payment under the Scheme subject to the discretion of the Trustees and the consent of the Union.



10. ADDITIONAL INFORMATION

Benefits Non-assignable

You may not use your benefit entitlement as security for a loan or mortgage and you may not assign them to another person.

The Trust Fund

The Scheme is set up as a Trust and its assets are held in a fund which is separate from the finances of the Union. The Trustees are appointed to administer the Scheme in accordance with the Trust Deed and Rules and to safeguard the interest of all members and their beneficiaries. The Trustees are also responsible for investing the assets of the Scheme.

If there is any conflict between the booklet and the Trust Deed and Rules, the latter documents will prevail.

Amendments and Discontinuance

Although the Union has every intention of continuing to operate the Scheme, it reserves the right to amend or discontinue the Scheme at any time. In this event, no further contributions would be paid and Pensionable Service would cease. Your benefits earned up to the date of termination would be provided in accordance with the Trust Deed and Rules.

Government Requirements

Approval is being sought for the Scheme from the Inland Revenue under Chapter I, Part XIV of the Income and Corporation and Taxes Act 1988. As a consequence benefits under the Scheme are subject to Inland Revenue limits. In checking whether benefits exceed these limits, benefits retained from previous employments must be taken into account.



The Scheme also complies with Part III of the Social Security Pensions Act 1975, which stipulates minimum conditions that a Scheme must meet, in order to be used to contract-out of the earnings-related part of the State Scheme.

Further Information

If you would like more information about the Scheme or further details of your individual benefits, please contact:

The Scheme Secretary
MSF
Park House
64-66 Wandsworth Common
North Side
London
SW18 2SH

May 1992



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APPENDIX **EXAMPLES**

1. Retirement at Normal Pension Date

A member reaches Normal Pension Date with 30 years' Pensionable Service and Final Pensionable Salary of £12,000.

The pension is calculated as:

$$£12,000 \times 30 \times 1/60 = £6,000 \text{ p.a.}$$

2. Death in Pensionable Service before Normal Pension Date

A 40 year old married member dies having completed 8 years of Pensionable Service and with a Pensionable Salary at date of death of £10,000.

The member's total potential Pensionable Service to Normal Pension Date was 33 years.

The benefits payable are:

(i) A lump sum of : $£10,000 \times 4 = £40,000$
PLUS

(ii) A spouse's pension of: $\frac{1}{2} \times £10,000 \times 33 \times 1/60 = £2,750 \text{ p.a.}$



THE MSF PENSION SCHEME

APPENDIX (continued)

EXAMPLES

3. Death after Retirement

A pensioner dies having been in receipt of pension for exactly 2 years. His monthly instalment of pension at the date of death was £460 and he had not commuted any pension for a tax free lump sum when he retired.

The number of months between the date of death and the end of the 5 year pension guarantee period is 36.

The benefits payable are:

(i) A lump sum of : £460 x 36 = £16,560

PLUS

(ii) A spouse's annual pension
of: $\frac{1}{2} \times £460 \times 12$ = £2,760 p.a.

MSF PENSION SCHEME

Expression of Wish

To: The Trustees

I refer to my membership of the Scheme. I understand that the application of any lump sum benefit arising on my death is at the complete discretion of the Trustees. I should, however, like the Trustees to consider the person or persons named below as possible recipients of the lump sum benefit due on my death:

Name	Address	Relationship to myself	Proportion of Benefit

This form replaces any Expression of Wish Form I may have deposited with the Trustees at an earlier date.

Dated:

Signed:

Full Name:
(in block capitals)

Notes:

1. When completed, please return this form to the Scheme Secretary in a sealed envelope with your name clearly written on the outside. If you wish the envelope to be opened only in the event of your death please indicate this on the outside of the envelope.
2. The person or persons you nominate should normally be your spouse (including common law spouse), children, one or more of your close relatives or someone who is dependent on you for financial support or maintenance.
3. Should you require any further information regarding completion of this form you should contact the Scheme Secretary.
4. Should you wish at any time to change your nomination you are advised to inform the Trustees by completing another "Expression of Wish Form" and sending it to the Scheme Secretary.

TO: Members of the MSF Pension Scheme who were members of the AUEW (TASS) Scheme on 31 May 1992

Addendum to the Member's Explanatory Booklet for the MSF Pension Scheme dated May 1992.

The benefits described in the attached booklet apply to you with the following exceptions:

- (i) You are entitled to the same member's pension accrual rate for past and future pensionable service as you were under the AUEW (TASS) Scheme.**
- (ii) If you were paying contributions on 31 May 1992 of less than 5% of pensionable salary to the AUEW (TASS) Scheme, you will pay contributions for one year from 1 June 1992 at the rate of one-half of the sum of the rate you were paying on 31 May 1992 and 6% (or 5% if you are under age 25) thereafter.**
- (iii) You retain the right to the temporary pension that you had under the AUEW (TASS) Scheme. However, a lump sum equivalent in value to the temporary pension will be provided instead of the pension.**

[THIS ANNOUNCEMENT APPLIES ONLY TO MEMBERS OF THE AUEW(TASS) SCHEME WHO ARE ENTITLED TO TEMPORARY PENSIONS, AS REFERRED TO IN (iii) ABOVE, FROM THAT SCHEME]

TO: Members of the MSF Pension Scheme who were members of the AUEW (TASS) Scheme on 31 May 1992

Addendum to the Member's Explanatory Booklet for the MSF Pension Scheme dated May 1992.

The benefits described in the attached booklet apply to you with the following exceptions:

- (i) You are entitled to the same member's pension accrual rate for past and future pensionable service as you were under the AUEW (TASS) Scheme.**
- (ii) If you were paying contributions on 31 May 1992 of less than 5% of pensionable salary to the AUEW (TASS) Scheme, you will pay contributions for one year from 1 June 1992 at the rate of one-half of the sum of the rate you were paying on 31 May 1992 and 6% (or 5% if you are under age 25) thereafter.**

TO: Members of the MSF Pension Scheme who were members of the ASTMS Officers' Retirement Benefits Scheme on 31 May 1992

Addendum to the Member's Explanatory Booklet for the MSF Pension Scheme dated May 1992.

The benefits described in the attached booklet apply to you with the following exceptions:

- (i) You are entitled to a member's pension accrual rate of 1/50th (as opposed to 1/60th) for your pensionable service (including pensionable service completed whilst a member of the ASTMS Officers' Retirement Benefits Scheme).
- (ii) Your spouse is entitled to a pension on your death in service equal to 5/9 of your prospective pension (as opposed to ½ - see section 6.1 of the booklet).
- (iii) Your spouse is entitled to a pension on your death after retirement of 5/9 of your pension (as opposed to ½ - see section 6.2 of the booklet).

TO: Members of the MSF Pension Scheme who were members of the ASTMS Clerical Staff Fund on 31 May 1992

Addendum to the Member's Explanatory Booklet for the MSF Pension Scheme dated May 1992.

The benefits described in the attached booklet apply to you with the following exceptions:

- (i) You are entitled to a member's pension accrual rate of 1/50th (as opposed to 1/60th) for your pensionable service (including pensionable service completed whilst a member of the ASTMS Clerical Staff Fund).
- (ii) Your spouse is entitled to a pension on your death in service equal to 5/9 of your prospective pension (as opposed to 1/2 - see section 6.1 of the booklet).