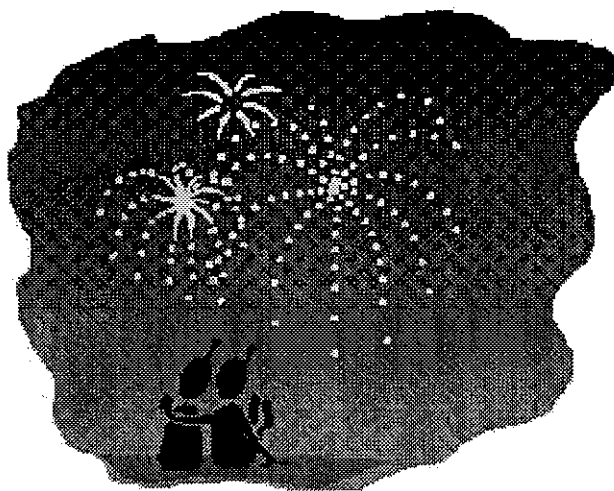


The MSF Pension Scheme



Explanatory Booklet

January 2000

The MSF Pension Scheme

The MSF Pension Scheme commenced on 1st June 1992. The main text of this booklet describes the benefits for members who joined after that date.

Members in service at or before 1st June 1992 have some of their benefits calculated in a different way. Some key differences affecting the main body of these members are summarised in the Appendix.

This booklet is a guide to your entitlements. The formal Trust Deed and Rules are the legal documents which govern the Scheme and determine your benefits. They will prevail in any instance where there is a difference from what is stated in the booklet or where information is not provided in the booklet.

The MSF Pension Scheme

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SUMMARY OF THE MAIN BENEFITS

Pension at Retirement

A pension of 1/60th of Final Pensionable Salary for each year of your Pensionable Service, part of which may be taken in the form of a tax-free cash sum

Retirement

Normal Pension Date is 65, but you have a right to retire at 60 without any penalty

Death in Pensionable Service before Retirement

A lump sum of 4 times Pensionable Salary

A spouse's or Dependant's pension of one-half of the pension you would have received if you had remained in service until Normal Pension Date

Death after Retirement

A spouse's or Dependant's pension of one-half of your pension **plus** a lump sum equal to any unpaid balance of the first five years pension payments

Leaving MSF before Retirement

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

If you have completed less than two year's Qualifying Service a refund of your contributions

Pension Increases

Pensions in payment increase by the lesser of 5% or the actual increase in prices each year

Member's Contributions

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

1. DEFINITIONS

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 recognised by the Trustees as being financially dependant on you

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 12 months ending on your Normal Pension Date (or the earlier on which you leave Pensionable Service)

Normal Pension Date means your 65th birthday

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 complete years and months, of service with the Union whilst a member of the Scheme

Qualifying Service means your Pensionable Service plus any additional service which may have been credited to you by the Trustees as a result of your bringing a transfer value into the Scheme

Scheme means the MSF Pension Scheme

Union means MSF

2. MEMBERSHIP

Membership of the Scheme is open to all permanent employees of the Union who satisfy the following conditions:

- are aged 18 or over but are less than 60
- apply immediately on becoming eligible
- satisfy any conditions of age, health or other matters the Trustees may require

You are required to complete an application form if you wish to join the Scheme. Please apply as soon as possible after appointment.

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 do not join or opt-out of the Scheme you will not be covered for the lump sum death benefit described in section 6. In addition you will not be covered by Permanent Health Insurance

Transfer in from Another Scheme

The Trustees may, subject to the approval of the Union, agree with the Trustees of any other pension scheme to accept a transfer payment into the Scheme. The person in respect of whom such a transfer payment is made shall be entitled to such benefits under the Scheme, as the Trustees decide are appropriate

3. CONTRIBUTIONS

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

Members Contributions

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

Maternity Leave

A member of the Scheme who is absent from work on account of maternity leave and who has a right to return to work continues in membership of the Scheme. Contributions are payable on any pay actually received but benefits accrue on the basis of their normal Pensionable Salary

Additional Voluntary Contributions

You may also make Additional Voluntary Contributions (AVC's) to increase your pension benefits. The maximum total pension contribution you may make is 15% of your gross earnings in any one year (including your ordinary contributions to the Scheme). Making AVC's is a tax effective method of saving for your retirement

Further details can be obtained from the Scheme Secretary

Employers Contributions

The Union's contributions to the Scheme are variable but are not less than the amount required to make up the difference between the members' contributions and the full cost of providing the benefits, including the cost of administering the Scheme

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 complete year of Pensionable Service. Where Pensionable Service also comprises part of a year then each completed month counts as 1/12th of a year

Early Retirement

You may retire at any time after your 50th birthday provided that, if you have not yet attained the age of 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

The reduction currently applied is 3% for each year before the age of 60 (and after the age of 57) and 4% for each year before the age of 57, but this can be changed by the Trustees

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

III Health Retirement

The Union offers members of the Scheme a Permanent Health Insurance Scheme which maintains Scheme membership whilst in receipt of its benefits. The Scheme Rules do, however, also provide that with the consent of 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, payment of your pension will not commence until you actually retire. The pension then payable will be calculated at Normal Pension Date and then increased to allow for the period of deferment. No contributions will be payable after your Normal Pension Date

5. OPTIONAL LUMP SUM ON RETIREMENT

On retirement you may exchange part of your pension for a tax free lump sum. This lump sum can be at least $\frac{3}{80}$ th of your pensionable salary for each year of service but is governed by Inland Revenue restrictions. Further details can be obtained from the Scheme Secretary. Your remaining pension must not be less than the Guaranteed Minimum Pension.
(see section 10)

The amount of pension which you have to give up for the lump sum is decided by the Trustees on actuarial advice and depends on a number of factors including your age at retirement. A quotation will be given by the Scheme Secretary on request. For members leaving service after June 1992 and who retire at 60 the current commutation rate is that each £13.42 of lump sum, at present, reduces the pension by £1.00, but this could change and you are advised to make enquiries near your retirement date.

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 may be paid to your spouse, to a Dependant or other beneficiary nominated by you, or to your estate. The Trustees will decide who will receive the benefit.

The lump sum is paid in this way to ensure that no inheritance tax will be payable and so benefits can be paid more quickly. See also page 12 - Expression of Wish.

Spouse's or Dependant's Pension

Your spouse or Dependant 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 or Dependants Pensions

Your spouse or Dependant will receive a pension equal to one-half of your pension. This will be based on your pension **before** any reduction made on account of taking a lump sum

6.3 General

If your spouse or Dependant (other than a child) is more than 10 years younger than you, the amount of the 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

Expression of Wish

It would assist the Trustees if you were to inform them in writing whom you would like to be considered for the death benefits. A form is available from the Scheme Secretary which will be held in confidence. The Trustees recommend that all members complete the form and amend it as their circumstances and wishes change. The Trustees will be guided by your wishes but are not ultimately bound by them.

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

Payment of this pension will start from age 60 when the options described in Section 5 will also be available. You can, however, apply to have a deferred pension paid at any time after the age of 50. This option is subject to the consent of the Trustees and the Union, and any person agreed will be actuarially reduced if brought into payment before the age of 60 to take into account the fact that it is expected to be paid for a longer period

Your deferred pension will be increased between the date of leaving and age 60 in accordance with the method prescribed by legislation which takes account of the rate of inflation

7.2 Before Completion of Two Years Qualifying Service

If you leave the Scheme before you have completed 2 years' Qualifying Service you will 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; (see section 10) and
- tax on the balance

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

7.3 Death in Deferment

If you die before your deferred pension becomes payable:

- your spouse or Dependant will be entitled to an immediate pension equal to one-half of your deferred pension (including any pension increases made in deferment up to your date of death)

- if no spouse's or Dependant's pension is payable, a lump sum equal to your contributions will be paid

7.4 Transfer to Another Scheme

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

This transfer value (referred to as the "cash equivalent" in the legislation) is calculated in accordance with legal requirements and actuarial guidance.

While you are contributing to the Scheme, you may request, in writing, but no more than once a year, an estimate of your cash equivalent if you were to leave the Scheme. Once you become a deferred pensioner, you may request (again, not more than once a year) a statement of entitlement to a guaranteed cash equivalent. The estimate or statement will be forwarded to you within three months of the request. In the case of a statement of entitlement to a guaranteed cash equivalent, if you decide to take the transfer within three months from the guarantee date set out in the statement, the cash equivalent is guaranteed not to change. A transfer payment would normally be made within six months of the guarantee date

8. 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 or Dependants 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 day following 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 or Dependant

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

9. 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. STATE PENSION ARRANGEMENTS

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. Please note also that:-

- (i) For membership of the Scheme before 6 April 1997, your Scheme Pension (and that of your spouse or Dependant) must not be less than the appropriate Guaranteed Minimum Pension, (GMP) which you would have built up in the same period. The GMP is an individually guaranteed benefit which is related to what a member would have got from SERPS
- (ii) For membership of the Scheme after 5 April 1997, the Scheme must satisfy a "quality of benefit" test set by the Government. This test specifies a broad minimum level of benefit that must be provided to both members and their spouses but does not guarantee a benefit directly to any individual member. 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)

11. ADDITIONAL INFORMATION

11.1. 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. Half of the Trustees are appointed by the Union and half by the Trade Union Groups who represent the Union's employees

11.2 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 which lay down certain safeguards to protect the rights and interests of all members

11.3 Legal Requirements

The Scheme is approved by the Inland Revenue under Chapter 1, Part XIV of the Income and Corporation and Taxes Act 1988. This provides the Scheme with tax advantages but as a consequence benefits under the Scheme are subject to Inland Revenue Limits. In checking whether benefits exceed these limits, the benefits retained from previous employments must be taken into account

The Scheme also complies with the relevant provisions of the Pension Schemes Act 1993 which stipulate minimum conditions that a Scheme must meet, in order to be used to contract-out of the earnings related part the State Scheme

11.4 Annual Report and Accounts

A copy of the Scheme's annual report and accounts is available to all members, prospective members and beneficiaries on request

11.5 Disclosures

From time to time regulations are issued about what information has to be disclosed to pensioners and members of the Scheme. Schemes are currently required to inform members

about the Scheme's Internal Dispute Resolution Procedure, OPAS - the Pensions Advisory Service, the Pensions Ombudsman, the Occupational Pensions Regulatory Authority and the Pensions Registry

11.6 Fair Processing Information

The Trustees and the Employer have both a legal obligation and a legitimate interest to process data relating to you for the purpose of administering and operating the Scheme and paying benefits under it. This may include passing on data about you to the Scheme's actuary, auditor, administrator and such other third parties as may be necessary for the administration and operation of the Scheme.

The Trustees and the Employer from time to time are all regarded as "Data Controllers" (for the purposes of the Data Protection Act 1998) in relation to data processing referred to above (and can be contacted at the address below).

11.7 Queries

If you have any queries regarding your benefits you should speak to the Pension Administrator at MSF Centre, 33-37 Moreland Street, London EC1V 8HA, who will be pleased to help

11.8 Internal Dispute Resolution Procedure

The Scheme has a formal Internal Procedure for the resolution of disputes between Scheme beneficiaries and the Trustees. It is a two-stage procedure - the initial application concerning any complaint should be made in writing to The Scheme Secretary, MSF, MSF Centre, 33-37 Moreland Street, London EC1V 8HA who will normally respond (with a written decision) within two months of receiving full details of the

complaint. If the matter is still not resolved to the person's satisfaction the Trustees, on the person's application to the Secretary to the Trustees (at the same address as set out above), will reconsider the complaint. Normally the Trustee's decision will be issued within two months

Full details of the procedure and "STAGE 1" complaint forms are available from the Scheme Secretary

11.9 OPAS

OPAS (the Pensions Advisory Service) is an independent and voluntary organisation established for the purpose of giving help and advice to members of the public on all matters concerning pension schemes. OPAS is available to all pension scheme beneficiaries (including current members, pensioners, deferred pensioners and dependants) in connection with any-

i) pensions query they may have

or

ii) difficulties which they may failed to resolve with the Trustees or administrators of the Scheme

11.10 The Pension Ombudsman

The Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law that might arise between a beneficiary and a scheme's trustees or administrators

The address of both **OPAS** and the **Ombudsman** is:

11 Belgrave Road, London, SW1V 1RB

OPAS Tel: 020 7233 8080 Fax: 020 7233 8016

Ombudsman Tel: 020 7834 9144 Fax: 020 7821 0065

11.11 Pension Registry

Schemes have to be registered with the Registrar of Occupational & Personal Pension Schemes, and the Scheme has been registered. Members leaving the Union and subsequently having difficulty in contacting the Trustees or administrators may find the Registrar helpful in tracing their benefits

The address is:

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

11.12 OPRA

OPRA (the Occupational Pensions Regulatory Authority) is able to intervene in the running of pension Schemes where Trustees, employers or professional advisers have failed in their duties. OPRA may be contacted at:

Invicta House, Trafalgar Place, Brighton, E.Sussex,
BN1 4DW

Help Desk Tel No: 01273 627600

11.13 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

APPENDIX

This Appendix summarises the differences in benefits which apply to members who were members of the main predecessor schemes

Please note that "Accrual" is the fraction of Final Pensionable Salary paid as pension for each year of Pensionable Service (which under standard rules is 1/60th)

ASTMS Clerical Scheme

Benefit Variations

- (a) Active members as at 31st May 1992 have the following benefit:
 - (i) 1/50th Accrual
 - (ii) A spouse's pension of 5/9th of members prospective pension on death in service
- (b) Existing pensioners and deferred members as at 31st May 1992 retain the following benefit:
 - (i) Pension increases of 5% p.a. compound, or the increase in the Retail Price Index over the whole period since retirement if less

ASTMS Officers Scheme

- (a) Active members as at 31st May 1992 have the following benefit:
 - (i) 1/50th Accrual
 - (ii) A spouse's pension of 5/9th of the members prospective pension on death in service
 - (iii) A spouse's pension of 5/9th of the members pension on death after retirement
- (b) Existing pensioners and deferred members as at 31st

May 1992 retain the following benefits

- (I) a spouse's pension of 2/3rds of the member's pension
- (ii) Full Retail Price Index increases

AUEW (TASS) Scheme

- (a) Active members as at 31st May 1992 have the following benefits
 - (i) 1/50th Accrual (3% Accrual NUSMW Officials only)
 - (ii) A temporary bridging pension in the form of a lump sum, is paid to AUEW (TASS) Scheme members (excluding Craft sector members) who retire before state pension age
- (b) Existing pensioners and deferred members as at 31 May 1992, have the following benefit:
 - (i) Pension increases of 5% or Retail Price Index if less with a minimum increase of 3%

Tobacco Workers

- (a) Active members as at 30th November 1992, have the following benefits
 - (i) 1/50th Accrual for service from 1st January 1988.
 - (ii) 1/80th Accrual for service prior to then, when members were not contracted out of SERPS

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January 2000



Roger Lyons
General Secretary

Published by MSF

MSF Centre, 33-37 Moreland Street, London EC1V 8HA