

The Citrus Pension Plan
**Viridor Waste
(Somerset) Section**
Members' Guide

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Introduction







Welcome to the Members' Guide for Viridor Waste (Somerset) Members of the Citrus Pension Plan ('the Plan').

The Plan is an occupational pension scheme for non-associated employers. It is divided into sections and each employer (or group of employers) has its own section. In your case this is known as the Viridor Waste (Somerset) Section ('the Section')

This booklet gives a brief introduction to the benefits payable in respect of Members of the Section. However, the Plan is governed by a Trust Deed and Rules, and in the event of any inconsistency between this Members' Guide and the Trust Deed and Rules, the Trust Deed and Rules will take precedence. The Plan may be amended or terminated.

Some technical terms are used throughout this Members' Guide. These are printed in **bold** and explained in the Glossary on page (1).

Summary of benefits

-  pension and a lump sum at retirement based on your earnings and **Pensionable Service**
-  Annual increases to your pension in payment
-  The option to retire early (which may require your Employer's consent)
-  pension if you retire on grounds of **Incapacity** (providing you meet the relevant criteria)
-  pension for your **Dependant** and your **Children** when you die
-  The option to increase your benefits by paying Additional Voluntary Contributions

Membership

Can I join the Section?

You can join the Section if your employer tells you that you are eligible.

If you are eligible, you will automatically become a Member of the Section unless you tell your employer that you do not wish to join the Section.

How much do I contribute?

You contribute 6 per cent of your **Pensionable Salary** to the Section.

How much does my employer contribute to the Section?

Your employer contributes an amount agreed between your employer and the Trustee, having taken advice from the Plan Actuary (a qualified, independent professional), to meet the balance of the cost of providing the benefits payable under the Section.

The Plan Actuary values the assets and liabilities of the Section every three years and advises the Trustee of the amount to be paid. The contributions required will differ from time to time according to various factors, such as how well the Section's investments perform.

Your employer also pays the costs of the lump sum benefit payable under the Section if you die in **Pensionable Service** before retirement (see section 3 for further details).



What tax relief do I get?

Under current law, you will automatically receive tax relief on your contributions.

Currently, tax relief is given at the highest rate of tax you pay. At the current basic rate of income tax (20%) this means that each £1 you pay in pension contributions only actually costs you £0.80. And if you are a higher rate taxpayer, at current rates of tax each £1 you pay costs you just £0.60.

What limits are there on contributions and benefits?

There are two limits on the amount of tax-privileged pension benefits you can have. Both of these limits apply to your total benefits in all Registered Pension Schemes you are a member of, not just the Section. Firstly, there is a limit on the value of tax-privileged benefits that you can build up each year. This is the lesser of –

-  100% of your total salary (or £3,600 if greater); and
-  £40,000 for the 2015/16 tax year (the Annual Allowance) (this limit may alter in future tax years).

From April 2016, if you earn over £110,000 per year there may be some additional limits on the tax relief available. If you do earn over this amount you should contact the Plan Administrator, whose details are available on page [16], for more information.

To calculate the value of benefits you build up in a year, the annual increase in the value of your pension over the year is multiplied by 16 to give it a capital value. This is added to any lump sum you have accrued and any contributions you have made to a money purchase arrangement (e.g. Additional Voluntary Contributions, see below).

If the total exceeds the Annual Allowance, you will be subject to tax through your annual tax return, though you may be able to carry forward Annual Allowance from the previous three tax years.

If the Annual Allowance tax charge is above £2,000, you could ask the Plan to pay this charge in return for a reduction to your benefits. This is known as “scheme pays”.

Secondly, there is a limit, known as the Lifetime Allowance, on the total value of your tax-privileged pension benefits. Again, this applies to your benefits under all Registered Pension Schemes. For the 2015/16 tax year the limit is £1.25million and will reduce to £1 million from 6 April 2016 (this limit may alter in future tax years).

Your pension benefit will be valued for these purposes by multiplying your initial annual pension by 20. This is then added to any separate lump sum you receive and any money purchase benefits, in order to test the value of all of your benefits against the Lifetime Allowance.

If the total of the value of all your benefits payable under all Registered Pension Schemes is greater than the Lifetime Allowance, there will be additional tax charges.

What about National Insurance contributions?

The benefits provided under the Section meet the statutory test to be contracted-out of the Second State Pension ('S2P'). This means that the Section provides benefits that are at least as good as a statutory reference scheme. While you are contracted out, both you and your employer pay lower National Insurance contributions and you do not build up entitlement to S2P (see section 5 for further details).

However, from 6 April 2016, contracting out will cease, resulting in all contracted out members automatically being contracted back in. This will cause an increase in your National Insurance contributions.

Can I pay extra contributions?

Yes – you can pay Additional Voluntary Contributions (AVCs) as well as your standard contributions to the Section if you wish. [You will need to inform the Trustee [or your Employer] in writing of your intention before you start paying AVCs.] The AVC arrangement is a money purchase arrangement and is completely separate arrangement from your Section benefits. The contributions you pay into this arrangement are credited to a notional 'pot' of money that will be used to provide benefits for you.

How much there is in this 'pot' will depend on what contributions have been paid, the way the investments have performed and any investment and administration charges. It is possible for the 'pot' to decrease in value.

When your benefits become payable, the 'pot' is used to provide you with additional benefits. For more information, contact the Plan Administrator, whose details can be found on page [15].



Benefits on retirement

What benefits will I receive if I retire at Normal Retirement Date?

Benefits consist of:

 a Plan Pension of $1/80 \times \text{Pensionable Service} \times \text{Final Pensionable Salary}$

plus

 a cash sum of $3/80 \times \text{Pensionable Service} \times \text{Final Pensionable Salary}$

plus

 Any benefits in respect of AVCs

Can I take a larger lump sum?

You can usually take a lump sum of up to 25% of the capital value of your benefits when they come into payment as a lump sum. If the lump sum calculated above is less than this then you may be able to commute pension for additional cash equal to the difference. For the purposes of working out the capital value of your benefits, your pension is given a notional value equal to your initial annual pension multiplied by 20.

Contact the Plan Administrator, for more details of this option.

What if my pension is very small?

Under current legislation, if the total value of your benefits from the Section is £10,000 or less, and you are aged over 55 at the date of payment, you can take the entire amount as a single lump sum, regardless of the value of any benefits you might have in other pension schemes.

If the value of your benefits in the Section is above £10,000, but the aggregate value of your benefits from all Registered Pension Schemes you are in, amounts to no more than the amount permitted by tax legislation, currently £30,000, and you are aged over 55 at the date of payment, you will again be eligible to receive your whole pension as a one-off lump sum.

The first 25% of either lump sum payment will be tax-free under current legislation, with the other 75% subject to income tax at your highest marginal tax rate.

Can I take early retirement?



If the Principal Employer consents, you can ask to retire on immediate pension from age 55, unless you have a protected early retirement age, in which case you may be able to retire earlier. You should contact the Plan Administrator, if you think you might have a protected early retirement age.

Your Plan Pension and lump sum will both be reduced to take account of early payment before Normal Pension Age since it will be paid for longer. The amount of the reduction will be determined by the Trustee, having taken advice from the Plan Actuary.

If you have completed more than 25 years' Service (including Local Authority service) and retire on or after age 60 but prior to Normal Pension Age, you may request immediate payment of your benefits. In this case they will not be reduced for early payment.

What if I have to retire early because of incapacity?

You As long as you have at least two years' **Qualifying Service**, you can take your benefits immediately if you are retiring because of **Incapacity** and the **Principal Employer** and the **Trustee** agree. Your benefits will be the same as those set out for early retirement above or, if the Principal Employer and Trustee agree, it will be:

-  a Plan Pension of $1/80 \times [2 \times \text{Pensionable Service}] \times \text{Final Pensionable Salary}$
-  a cash sum of $3/80 \times [2 \times \text{Pensionable Service}] \times \text{Final Pensionable Salary}$.

Provided that $2 \times \text{Pensionable Service}$, as used to calculate this benefit, may not exceed the lesser of 40 years' and the **Pensionable Service** you would have completed had you stayed in the Section until **Normal Pension Age**.

Can I retire later than my Normal Retirement Date?



You will remain in **Pensionable Service** if you remain in Service after your **Normal Pension Age**. In that case, you will continue to pay contributions to the Section, and your benefits will be calculated in exactly the same way as at Normal Pension Age when you choose to take them but based on your **Final Pensionable Salary** and **Pensionable Service** when you leave **Pensionable Service**.

Alternatively, by giving the Trustee such notice as it may require you can elect to terminate your **Pensionable Service** at **Normal Pension Age** and receive your benefits at **Normal Pension Age** or another date on or before you leave Service if the Principal Employer and Trustee agree.

Your benefits will be calculated in the same way as for retirement at **Normal Pension Age**, and then increased, if they are payable later than at **Normal Pension Age**, to take account of late payment. The amount of the increase will be determined by the Trustee having taken advice from the Plan Actuary.

Will my pension increase in payment?

Pensions in payment in respect of benefits in excess of the Guaranteed Minimum Pension ('GMP') (see section 5) will increase as follows:

-  Any part of the pension that relates to Pensionable Service before 1 June 2000 - 5% per annum compound
-  Any part of the pension that relates to Pensionable Service on and from 1 June 2000 - in line with the Retail Price Index to a maximum of 5% per annum

Death benefits

What if I die whilst an active member?

(a) Lump sum

If you die whilst in **Pensionable Service**, a lump sum will be payable under the Section, unless your employer provides an equivalent or greater lump sum benefit under a separate arrangement. The amount of the lump sum will be two and a half times your annual rate of contractual pay at the date of your death. A return of your contributions that you paid into the Plan without interest will also be payable.

(b) **Dependant's** pension

If you die whilst in Pensionable Service, a pension will be payable to your **Dependant**, calculated as follows:

If you have not reached your **Normal Pension Age** at the date of your death your **Dependant** will receive 50% of the pension you would have received had you remained in **Pensionable Service** until **Normal Pension Age**, but calculated using your **Final Pensionable Salary** at the date of your death.

If you have reached your **Normal Pension Age** at the date of your death (but were still a contributing member) your **Dependant** will receive 50% of the pension you would have been entitled to had you retired on immediate pension the day before you died.

If your **Dependant** is more than ten years younger than you, then the annual amount of **Dependant's** pension may be reduced by a rate determined by the Trustee having considered advice from the Plan Actuary.

(c) **Children's** pension

A pension (or pensions) will be payable to your **Children** should you die whilst in **Pensionable Service**.

Each **child's** pension will be 25% of the prospective pension you would have received had you remained in **Pensionable Service** until **Normal Pension Age** but calculated using your **Final Pensionable Salary** at the date of your death (subject to a maximum in total of 50% of your prospective pension).

If you have reached your **Normal Pension Age** at the date of your death (but were still a contributing member) each Child will receive 25% of the pension you would have been entitled to had you retired on immediate pension the day before you died.

What if I die after I have retired?

(a) Lump sum

If you die during the first five years of your retirement, a lump sum will be payable. The lump sum will be calculated as the value of five years' worth of pension payments, minus the payments you actually received before your death, as determined by the Trustee having considered advice from the Plan Actuary.

(b) **Dependant's** pension

If you die after your pension has started to be paid, your **Dependant** will be entitled to 50% of your pension.

If your pension was reduced to take account of early retirement, this will be taken into account. However, if you commuted part of your pension in order to provide a larger lump sum on retirement, this will be ignored for the purposes of calculating your **Dependant's** pension.

If your **Dependant** is more than ten years younger than you, then the annual amount of **Dependant's** pension will be reduced by a rate determined the Trustee on having considered advice of the Plan Actuary.



What if I die after leaving Pensionable Service and before my benefits become available?

(a) Lump sum

If you die after leaving **Pensionable Service** (e.g. because you left the service of your Employer) but before your preserved pension becomes payable, a return of your contributions will be payable as a lump sum without interest.

(b) Dependant's pension

A **Dependant's** pension will be half of your deferred pension at the date of leaving.

What if I die after leaving Pensionable Service and after my Normal Pension Age?

If you die after leaving **Pensionable Service** and after your **Normal Pension Age** but you had not started receiving your pension, benefits will be payable as if you had died in retirement (see above) and your pension had come into payment on the day before your death.

Who will receive the lump sum?

The recipient (or recipients) of the lump sum death benefits payable under the Section is chosen at the discretion of the Trustee, which means that lump sums can generally be paid free from inheritance tax. If you complete a Nomination Form then the Trustee can take your wishes into account when exercising its discretion. You should keep your Nomination Form up-to-date as your circumstances change.



Leaving the Section

If you have less than three months' Qualifying Service

If you have not transferred in benefits from a personal pension scheme and if you leave **Pensionable Service** under the Section with less than 3 months' **Qualifying Service** and do not rejoin or join another Section within one month and one day, you will be entitled to receive a refund of your own contributions to the Section, along with a refund in respect of any AVCs that you have paid. The AVCs refund will be equal to the notional pot which may be more or less than the AVCs that you have actually paid. Your refund will be subject to tax.

If you have 3 months' to 2 years' Qualifying Service

As above you will be entitled to receive a refund of your own contributions to the Section, along with a refund in respect of any AVCs that you have paid. Your refund will be subject to tax.

Alternatively you can choose to transfer your benefits to another Section within the Plan or another Registered Pension Scheme.

If you have at least 2 years' Qualifying Service

You will be entitled to preserved benefits within the Section payable from your Normal Pension Age.

Your preserved benefits will be increased in respect of the period from the date you leave Pensionable Service until the date your pension comes into payment in line with increases in prices subject to a cap. You will be able to take your benefits before your Normal Pension Age if:

- 🍊 your employer; and
- 🍊 you have reached your Normal Minimum Pension Age (or are suffering from Incapacity).

Your preserved pension will be reduced if you retire early unless you are aged 60 or over and have at 25 years' Service (including for these purposes, Service with a Local Authority).

You will be able to take your benefits after your **Normal Pension Age** if [you remain in employment and] the Trustee agrees.



Further information

The State Pension system

The Government currently provides two tiers of State pension: the Basic State Pension and the State Second Pension ('S2P') (previously known as the State Earnings Related Pension Scheme ('SERPS')).

The Basic State Pension is paid at a flat rate to everyone who has made sufficient National Insurance contributions throughout their working life.

The S2P is an additional pension paid on the basis of earnings, as calculated from your National Insurance records.

Because the Section is contracted out of S2P until 5 April 2016, you do not accrue S2P before that date while you are a member of the Section.

From April 2016 the Basic State Pension and Second State Pension will be replaced by a single tier pension.

Guaranteed Minimum Pension (GMP)

Before 6 April 1997 a contracted out scheme was obliged to provide a minimum benefit known as Guaranteed Minimum Pension ('GMP') which replaces an individual's SERPS entitlement for the period of contracted out membership.

From 6 April 1997, a scheme does not provide GMP. Instead the scheme needs to demonstrate that it provides benefits that are at least as good as most members would receive if they had been in the S2P. The Plan Actuary has provided a certificate that benefits under the Section satisfy this test.

If you have any pre 6 April 1997 contracted out membership (e.g. because of a transfer payment that was paid into the Section), your pension from the Section cannot be less than the GMP due to you at GMP Pension Age. This places certain limits on the benefits you can take from the Plan in some circumstances; for example you may not be able to retire early if the reduced early retirement pension would mean that your pension at GMP Pension Age would be less than your GMP.

Annual increases to the GMP part of your pension are different to those applied to the rest of your pension. Your GMP is increased in line with the Retail Prices Index, up to a maximum of 3%, in respect of contracted out employment from 6 April 1988 to 5 April 1997.

Temporary absence other than family leave

If you are temporarily absent from work because of illness or injury your Employer will determine the benefits you receive and what contributions you will need to pay. With the consent of the Trustee, the Employer can determine that you will remain eligible for death in service benefits.

Family leave

Contributions and benefits in respect of periods of maternity leave, parental leave, adoption leave and other family leave are in accordance with statutory requirements. Please contact the Plan Administrator for more information.

Part-time working

Periods of working part-time will count towards your **Pensionable Service**, unless you opt to end your active membership of the Section. When calculating your benefits, your **Pensionable Salary** will be calculated at its Full Time Equivalent Rate and your **Pensionable Service** will be converted to the appropriate proportion. For more information please contact the Plan Administrator, Capita.

Further information continued

Pensions on divorce

A court may order that a Member's benefit be split between the Member and his ex-spouse. If you require further information regarding pension sharing please contact the Plan Administrator, Capita. You should note that the divorcing couple must meet the costs of the extra administration created by a pension sharing order; however these charges are designed to be reasonable and easily understood.

Civil Partnerships and same sex marriages

Throughout this booklet, references to a 'spouse' include registered civil partners following the Civil Partnership Act 2004 and same sex spouses following the Marriage (Same Sex Couples) Act 2013.

Data protection

The Trustee, as data controller, has a legal obligation and a legitimate interest in processing the data held about you for the purpose of operating the Plan. This may include passing on data about you to third parties involved with the Plan, such as the Plan Administrator and other advisers, which will be done in accordance with the Data Protection Act 1998. In addition, from time to time the Trustee may request your specific consent to the processing of certain data.

You have a right to request a copy of the personal details that are held about you and to check that these details are accurate.



Help and advice

If you have any queries about the information contained within this booklet or about the Plan in general, or if you would like a copy of the Plan Annual Report, then please contact the Plan Administrator at the address below:

Citrus Pension Plan
Capita
2 Cutlers Gate
Sheffield
S2 4TL
Telephone: 0114 273 7331
Email: p.marks@capita.co.uk

Alternatively, you may contact the Secretary to the Trustee, at the same address.

Complaints

Any concerns regarding the Plan and its administration should initially be raised with the Plan Administrator. If this does not produce a satisfactory response, and you wish to make a formal complaint, then you should contact the Secretary to the Trustee at the address above. There is also a formal internal dispute resolution procedure you can follow; details of this are available from the Secretary to the Trustee.

The Pensions Advisory Service

The Pensions Advisory Service (TPAS) is an independent organisation available at any time to assist scheme members and beneficiaries with queries or difficulties they have failed to resolve with their administrator or Trustee. TPAS can be contacted at the following address:

The Pensions Advisory Service
11 Belgrave Road
London
SW1V 1RB
Tel: 0845 601 2923
www.pensionsadvisoryservice.org.uk



Help and advice continued

The Pensions Ombudsman

The Pensions Ombudsman can investigate and determine any complaint or dispute involving maladministration or matters of fact or law, where the complaint has first been subject to the pension scheme's internal dispute resolution procedure. The Pensions Ombudsman can be contacted at the following address:

The Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7834 9144
www.pensions-ombudsman.org.uk

The Pensions Regulator

The Pensions Regulator (TPR) is able to intervene in the running of a pension scheme where trustees, employers, or professional advisers have failed in their duties. TPR can be contacted at the following address:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0870 606 3636
www.thepensionsregulator.gov.uk

The Pensions Tracing Service




You can contact the Pensions Tracing Service, who may be able to help you if you have lost touch with a previous pension scheme. You can contact them at the following address:

Pensions Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Telephone: 0845 6002 537
www.thepensionservice.gov.uk



Children/Child

Means a **child** of a member who is:

-  under 18;
- or
-  under 23 and in full-time education or professional or vocational training which has been continuous since the age of 18, or only temporarily interrupted during that period,
- or
-  financially dependent on the member due to physical or mental incapacity.

Dependant

Your spouse (including same sex spouse) or Civil Partner or other person who the Trustee thinks was dependant on you.

Earnings Cap

It increases each year broadly in line with CPI.

Before the introduction of the new pensions tax regime on 6 April 2006, an 'earnings cap' limited both contributions and benefits of tax approved pension schemes. This cap disappeared under the new regime but remains a feature of the Plan.

Final Pensionable Salary

This is the highest annual **Pensionable Salary** in the last five complete years immediately preceding NPA or on leaving.

GMP Pension Age

This is age 60 for a man and age 65 for a woman. employer as being pensionable.

Incapacity

This means physical or mental incapacity which, in the opinion of a doctor, prevents you following your occupation, and you have ceased carrying out your occupation.

Normal Minimum Pension Age

Your 55th birthday, unless you previously had a Normal Minimum Pension Age of your 50th birthday and certain conditions are met, in which case it is your 50th birthday.

Normal Pension Age

Your 65th birthday.

Pensionable Salary

Total contractual pay received in each Plan year subject to **Earnings Cap**.

Pensionable Service

Continuous service beginning from or after 31/08/1992 which qualifies for benefits under the Section.

Qualifying Service

Your qualifying service is equal to your Pensionable Service plus the membership period of any other pension scheme from which you have transferred your benefits into the Section.

Registered Pension Scheme

A pension scheme which is registered with HMRC for the purposes of tax relief for contribution and benefits



