



**YOUR PENSION
IN PAYMENT**

Introduction

We have prepared this guide to:

- help you decide what options to take before your BBC pension starts; and
- provide information that you may need once your pension is in payment.

About this guide

This guide explains how Career Average Benefits (CAB) members of the BBC Pension Scheme (the Scheme) will receive their pension benefits. Like the members' handbook, it is intended for guidance only. The definitive provisions of the Scheme are set out in the Trust Deed and Rules, which supplement and override this guide in the event of any difference.

Some of the terms used (e.g. **qualifying spouse**) have a particular meaning and are in **bold type** wherever they appear in the text. There is an explanation of the terms used on pages 10 and 11.

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I before my pension starts

Can I exchange part of my pension for cash?

You can exchange part of your pension for a cash payment, which is currently tax-free. This is known as 'commutation'.

The maximum lump sum you can take is 25% of the value of your **scale pension** benefits. If you take cash, your **scale pension** will be reduced. Full details will be sent to you before your pension starts.

Taking cash does not affect the pension payable to your dependants or children. Those benefits will still be calculated on your **full pension**, as though you had not taken any cash.

If you want to take a lump sum lower than the maximum shown in your statement, you should call the pension service line (see page 8) who will be able to tell you what the impact will be on your pension.

The rate of exchange of pension for cash (i.e. how much cash each pound 'buys') is set by the BBC and the Trustees after having consulted the actuary.

Before making the decision to exchange pension for cash, you should consider taking independent financial advice (see page 8).

2 after my pension starts

How is my pension paid?

We will pay your BBC pension on the 16th of each month in advance by credit transfer to your bank, building society or post office account, whichever you prefer. The Scheme does not issue regular payslips, but we will send you one with your first payment. After that, we will send you a payslip when the net payment (after deductions) is different from the last payment by more than £1.

If you leave the United Kingdom (UK), we can make arrangements to pay your pension in either the UK or the country to which you have moved.

If you have a question about your pension payments, you should call the pension service line (see page 8).

The State pension is paid gross (before deductions), but you are liable for tax on it. You will receive your State pension direct from the Pension Service, but for the purpose of assessing tax it is included with your BBC pension, from which tax is paid as appropriate.

The tax office for BBC pensioners is:

Manchester Chapel Wharf Area (Reference: 951/BX)
Trinity Bridge House
2 Dearmans Place
Salford M3 5BS

Phone: **0845 300 0627**

If you have any questions about your pension after it starts, please contact:

The Pension Operations Manager
Pension and Benefits Centre (M1017, Ty Oldfield)
Broadcasting House
Cardiff
CF5 2YQ

Phone: **029 2032 2811**

Or you can email us at: myPension@bbc.co.uk

Please quote your pension number in all correspondence.

Does my pension increase?

Pensions are reviewed annually and any increases are awarded on 1 April. The Scheme increases pensions in payment by the lesser of:

- the rise in the Retail Prices Index (RPI) for the previous calendar year (January to December); or
- 2.5%.

When the rise in the RPI is greater than 2.5%, the BBC and the Trustees may jointly award a discretionary increase.

Increases are reported in the annual report.

What pension benefits will I get from the State?

The State will provide you with a pension at **State pension age** depending on your National Insurance contribution history.

CAB members pay National Insurance contributions towards the **State second pension (S2P)**. This means that you can receive both the basic State pension and **S2P** in addition to Scheme benefits.

You can find out more about State benefits by visiting [thepensionsservice.gov.uk](https://www.thepensionsservice.gov.uk) or by asking the pension service line (see page 8) for a leaflet.

What happens when I die?

Your pension is payable for life. On your death, the following benefits are payable:

A dependant's pension

Your **qualifying spouse, qualifying civil partner** or **nominated dependant** will receive a dependant's pension of half your **full pension**.

Children's pension

Your **qualifying children** (up to a maximum of two) will receive a pension equal to half of the dependant's pension. If no dependant's pension is payable, the children's pension will be doubled.

A lump sum

If you are being paid an **incapacity pension** and die before **normal pension age**, the Trustees will make a lump sum payment, which is currently free of inheritance tax. It will be equal to four times your **pensionable salary** (ignoring the **earnings cap**) as at the date you left service, less any lump sum you took in exchange for pension.

The Trustees have discretion over who receives the cash and in what proportion. They take into account, but cannot be bound by, your wishes. You are therefore asked to let the Trustees know your choice of beneficiaries by keeping your expression of wish form up to date. If your circumstances change, a new form is available from the pension service line (see page 8).

EXAMPLE

John retires at age 65. His annual pension is £8,000 p.a. He exchanges some of his pension for cash and receives a lower pension. He nominates his partner, Janet, as his dependant.

Following John's death, Janet will receive a pension of £4,000 p.a. for the rest of her life.

3 finding out

Serving BBC pensioners

We keep in touch with and help our pensioners in the following ways:

- **'Prospero'** – a free newspaper for BBC pensioners. It contains news about pensions, former colleagues and developments at the BBC. It is also available to spouses and dependants. To get on the mailing list, call: **029 2032 2811**.
- **'Ariel'** – a weekly newspaper for BBC staff. You can get a copy from Ariel Subscriptions, Garnett Dickinson Print, Brookfields Way, Manvers, Wath Upon Dearne, Rotherham, S63 5DL, phone: **01709 768165**. Subscription rates are:
 - **UK** – £26 for six months and £50 for one year
 - **Europe** – £36 for six months and £60 for one year
 - **Rest of the world** – £40 for six months and £68 for one year. Make cheques payable to 'Ariel'.
- **Visiting scheme** – a 'listening ear' for people over 70, people who have lost friends and family, and anyone in poor health. The scheme covers the UK and visitors are BBC pensioners themselves. If you want to be visited or to find out about becoming a visitor, call: **0845 712 5529** (local rate).
- **Benevolent Fund** – funded by the BBC to provide support for pensioners and their families at times of unexpected financial hardship, when help from other sources is not available. The trustees are responsible for awarding grants. Call: **029 2032 3772** for details.
- **Grace Wyndham Goldie (BBC) Trust Fund** – a registered charity funded by voluntary contributions to provide small grants towards the cost of education, and the relief of sickness or hardship not covered by help from other sources. The trustees are responsible for awarding grants. Call: **029 2032 3772** for details.
- Membership of the BBC Club in London is open to retired staff, currently at £24 a year and to spouses or partners at £12 a year. The Prospero section is run by pensioners for pensioners. Call: **020 8752 6666** for details. Arrangements for regional clubs vary.
- At BBC shops, retired staff and spouses or partners can buy BBC products at staff prices. The current reductions are up to 30% off most goods. The charge for postage and packing is £2.95 for each order. Call: **020 8225 8230** for a stock list.

myDeals for BBC pensioners

As a leading UK employer, we have negotiated a package of competitively priced insurance products and services known as 'myDeals'. They are all available to spouses and partners as well.

We will send you details of the options available when your pension begins. If you want an up-to-date list of the options available, call the pension service line at any time (see page 8).

Production of information

As part of the normal running of the Scheme, from time to time, the Trustees and auditors routinely undertake an exercise to identify any cases where the Scheme has not been notified of a pensioner's death and to avoid overpayment of pensions.

We regularly send the Audit Commission some basic personal details such as name, date of birth and National Insurance number. This data matching exercise meets the requirements of the Data Protection Act 1998. The Audit Commission processes the data for this purpose only, and complies with data protection principles.

Help and advice

Pension service line

The in-house Pension and Benefits Centre offers prompt help on everything to do with the Scheme. Our pension service line is available from 08.30 to 17.30, Monday to Friday on:

Phone: **029 2032 2811** (external), or **01 22811** (internal)

Alternatively you can write to:

**The Pension Operations Manager
Pension and Benefits Centre (M1017, Ty Oldfield)
Broadcasting House
Cardiff
CF5 2YQ**

Or you can email us at: myPension@bbc.co.uk

We aim to deal with 95% or more of all cases within best-practice times for the pensions industry. Our service standard is to acknowledge all the correspondence within five working days of receipt, and to give you a firm commitment of when we will deal with the matter. There are standard times for processing all routine work. When there is a delay, we will let you know and keep you informed of progress.

Under the terms of the Financial Services and Markets Act 2000, we are not authorised to give you financial advice. However, we will give you the information you need to get independent financial advice and to help make your own decisions.

We welcome suggestions for improving the service we offer.

Pension website

You can find out more about the BBC's pension arrangements by visiting: bbc.co.uk/mypension

Independent financial advice

If you want specific financial advice about your pension options, you need to speak to an independent financial adviser. A panel of independent financial advisers has been selected by the BBC. Further details can be found by visiting:

bbc.co.uk/mypension

More information about financial advice is also available from the Financial Services Authority.

Web: moneymadeclear.fsa.gov.uk

How is my data protected?

BBC Pension Trust Limited, the BBC and participating employers must process (i.e. gather, hold and use) information about you in connection with your membership of the Scheme. This processing is necessary:

- to calculate and pay benefits;
- for statistical and reference purposes; and
- to manage the Scheme as a whole.

It can involve passing information about you to the Scheme's actuary, auditor, advisers and administrator (listed in the annual report), and to anyone else who may need it to run the Scheme.

The Scheme is registered under the Data Protection Act 1998. If you want to know about your rights under the Act, you can call the pension service line (see page 8).

4 glossary

Explanation of terms

These terms are in **bold type** wherever they appear in this guide.

Earnings cap

The **pensionable salary** limit on which contributions and pension benefits are based.

For the 2009/10 tax year it is £123,600 and is expected to increase each year in line with the Retail Prices Index (RPI).

Full pension

The annual amount of pension immediately before death, as it would have been but for any commutation.

Incapacity

A physical or mental impairment which means that, on the evidence of a doctor or other qualified person appointed by the BBC, the Trustees are satisfied:

- that you cannot carry out your normal occupation; and
- it is likely permanently and substantially to impair your earning capacity.

Nominated dependant

A person nominated by you in writing as prescribed by the Trustees and accepted by them as satisfying the requirements set out in form PENS26, available from the pension service line (see page 8). The Trustees may reduce the pension, after consulting the actuary, if your **nominated dependant** is younger than you by more than 10 years.

Normal pension age

Age 65.

Pensionable salary

In any Scheme year, your basic pay including any other earnings as may be recognised by the BBC as pensionable before Smart Pensions, subject to the **earnings cap**.

Pensionable service

The number of years and days of active membership.

Qualifying children

Your natural (including any not yet born) and adopted children, and any that the Trustees accept were financially dependent on you at the date of your death. Benefits are payable to your **qualifying children** up to age 18 or, at the Trustees' discretion, up to age 23 while in full-time education.

Qualifying civil partner

The person with whom you have entered into a civil partnership and you are living with at the date of your death. If the civil partnership is registered after leaving the BBC, your partner will be treated as a **qualifying civil partner** only if the civil partnership was registered at least six months before your death.

The Trustees can reduce the pension, if your civil partner is younger than you by more than 10 years. The Trustees will decide the amount of any reduction after having consulted the Scheme's actuary.

Qualifying spouse

The person to whom you are married and with whom you are living at the date of your death. If you marry after leaving the BBC, your spouse will be treated as a **qualifying spouse** only if the marriage took place at least six months before your death.

The Trustees can reduce the pension, if your spouse is younger than you by more than 10 years. The Trustees will decide the amount of any reduction after having consulted the Scheme's actuary.

Scale pension

1.67% of **pensionable salary** for each year of **pensionable service** plus revaluation as decided by the BBC and the Trustees.

State pension age

Currently age 60 for women, and age 65 for men. It is to be equalised at 65 for both. The change will be phased in over a 10 year period starting in 2010. The Government intends increasing the **State pension age** from 65 to 68 between 2024 and 2046. More information on the State pension is available from the pension service line (see page 8).

State second pension (S2P)

S2P is a State pension, which is paid in addition to the basic State pension. **S2P** replaced the State Earnings Related Pension Scheme (SERPS) in April 2002. **S2P** currently provides benefits on earnings, between certain limits, over your working life. The earnings-related element will be gradually withdrawn so that people will build up entitlement on a completely flat-rate basis by around 2030 or shortly afterwards.

notes



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