



National
Trust



Oct 2019

Your Pension

The National Trust Retirement
& Death Benefits Scheme

Introduction

The National Trust Retirement & Death Benefits Scheme

Planning for the future takes time and commitment. The National Trust has a long history of helping its employees prepare for the time when they will no longer be working and of providing protection for their families and dependants. It does this through the Retirement and Death Benefits Scheme. The Scheme was first established formally under trust law in 1949 and was closed to new entrants on 31 May 2003. It closed to the accrual of pensionable service on 31 March 2016.

Membership of the Scheme gives you quality benefits including an income when you retire. It is important you understand what the Scheme offers.

This booklet describes the main features of the Scheme. There is a brief outline of how the Scheme works with what it costs and provides.

This booklet does not, however, cover every aspect of the Scheme. Full details are contained in the Trust Deed and Rules, which are the legal basis of the Scheme. Although we have made every effort to make sure that this booklet is accurate, the provisions of the Trust Deed and Rules will always prevail.

Please note

Members should always check any information provided in this booklet with the Scheme's Administrator (Gallagher) before acting upon it.

The Scheme continues to provide the security and continuity to enable you to look forwards with confidence. Membership gives you a range of quality benefits.

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Joining

The Scheme was closed to new joiners on 31 May 2003

Transfers In

The Scheme does not accept benefits from any other external pension arrangement to be transferred into the Scheme.

Closed to the accrual of pensionable service

The scheme closed to the accrual of pensionable service on 31 March 2016. All active members on that date ceased to accrue any further pensionable service in the Scheme.

Salary link

All active members who ceased accrual of pensionable service on 31 March 2016 retained a link to their salary. This means their pensionable salary will continue to be calculated based on their salary up to the date of leaving employment with the NT.



The Scheme in brief

Why the Scheme was established

The Scheme exists for the benefit of its members. It aims to provide a secure income when you retire.

How the Scheme works

The Scheme is set up under trust law and is managed by the Trustee who is responsible for every aspect of it. The duties of the Trustee are wide ranging, involving responsibility for the payment of benefits, investment of funds, legal and administrative management. As a result, the Trustee delegates certain tasks to professional advisers who include the Scheme's Actuary, investment managers, auditors and legal advisers.

How the Scheme is financed

The Scheme provides an extensive range of benefits. The finances of the Scheme are entirely separate from those of the National Trust.

The National Trust pays

The contributions required to ensure benefit payments can be met now and in the future. Contributions are invested in a fund which is reviewed regularly by the Scheme's Actuary to ensure the long-term financial health of the Scheme. These reviews are used to determine the appropriate rate of contribution required from the National Trust. As a result, the National Trust's contributions will vary from time to time.

The benefits provided

Your Pension

Will build up at a rate of 1/60th of your Final Salary for each year of Pensionable Service.

Your Normal Pension Date is your 65th birthday, but you may be able to take a reduced pension after your 55th birthday. You will normally be able to exchange part of your pension for a tax-free cash sum.

If you are a National Trust employee suffering from ill health you may be able to take an early retirement pension if you have accrued 30 years pensionable service.

On death after retirement

A spouse's pension of two-thirds of your pension will be payable, based upon your pension as if no pension had been exchanged for a cash lump sum on retirement. Again, if you are unmarried, this may be paid to a dependant. If you die within the first five years of your retirement, a cash sum will also be paid.

On leaving the scheme

The benefits available depend on the length of your Pensionable Service.

You may retain a pension in the Scheme to be paid at a later date or transfer your benefits to another pension arrangement.

Finding out more

It is important that you are aware of what membership of the Scheme offers and this is explained in more detail in the pages of this booklet. If you would like to know more, or if you have any questions, please contact the Scheme's Administrator, Gallagher, using the details at the end of this booklet.



Contributing

No employee contributions have been made to the Scheme since it closed to pensionable service on 31 March 2016.

Additional contributions

There was a facility to pay additional contributions to provide extra benefits before the Scheme closed to pensionable service on 31 March 2016. If you did pay AVCs you will have an AVC account with Zurich.

Those members who paid additional voluntary contributions (AVCs) have the option to transfer them to another appropriate arrangement. This can be done without moving pension benefits in the main scheme.

Any member deciding to pursue this option should contact the receiving scheme and ask them to start a transfer investigation of their NTRDBS AVCs.

Contributions from the National Trust

The National Trust pays the cost of providing the benefits promised and of administering the Scheme. The amount required varies from time to time and is determined on the advice of the Scheme's Actuary who carries out regular reviews of the Scheme's funding.

Investment of contributions

They are paid into a fund which is invested to provide the Scheme's benefits. The fund is kept entirely separate from any finances of the National Trust. The Trustee has delegated day-to-day investment decisions to independent investment managers who work within guidelines set out in the Trustees' Statement of Investment Principles.

Benefits

Your Normal Pension Date is your 65th birthday. When you retire, you will have the option of exchanging part of your pension for a cash sum.

Retiring at your Normal Pension Date

The pension payable at your Normal Pension Date is calculated as:

Pensionable Service x Final Salary
60

Please note

The pension payable is restricted to a maximum of two-thirds of Final Salary.



Pensions for part-time workers

If you work part time, your pension is calculated in a different way. This is to ensure that if you change the number of hours you work, or if you work full-time at any time, your eventual benefits fully and fairly reflect your total service. Your pension is calculated using your part time pensionable service and full time equivalent salary.

Pensionable Service is adjusted by multiplying it by the fraction:

Actual part-time hours worked
Normal hours for equivalent full-time position

Final Salary is adjusted by multiplying it by the fraction:

Normal hours for equivalent full-time position
Actual part-time hours worked

If you work part time and do not change the number of hours you work at any time, these adjustments have no overall effect. They do, however, ensure that your pension is calculated fairly if your hours change.

When you retire, you will have the option of exchanging part of your pension for a cash sum.

Early retirement

Voluntary early retirement

You can apply to take your pension at any time after age 55. However, we will reduce your pension to take account of the fact that we will be paying it for longer. This is called 'actuarial reduction'.

Your pension will currently be reduced by around 5% for each year you draw it before pension age. This is a permanent reduction in pension, not just a reduction up to pension age. The actuarial reduction factor is subject to review and will change in the future. You will be advised of the current factor when you retire.

You should be aware that your early retirement pension must not fall below the level of any Guaranteed Minimum Pension (GMP), payable from your Normal Pension Date. You will be advised at the time if this will affect your pension.

Anyone seriously considering early retirement should always check the current benefit structure with the Secretary to the Trustees, as the above basis may be subject to change.

Early retirement through ill health

If you have accrued 30 years pensionable service by 31 March 2016, you may apply for ill health retirement. If you are unable to carry on working because of serious ill health or disability you may be eligible to receive your pension from the date your employment ceases. Supporting medical evidence will be required and the Trustee has nominated their own Medical Advisor to confirm that you are unlikely to be able to work again.

The calculation of this pension will be based on your Final Salary at your date of early retirement. There will be no reduction for early payment.

Normal retirement

If you retire after fifteen years' Pensionable Service with a Final Salary of £18,000 per year, your pension is:

$$\frac{15 \times £18,000}{60} = £4,500 \text{ per year}$$

Part-time workers

Suppose you joined the Scheme at age 30 and worked 28 hours per week instead of 35 hours for 20 years, and then reduced your hours to 21 per week for the remaining 15 years. If your Final Salary is £10,800, your pension is calculated as follows:

Adjusted pensionable service is
 $20 \times 28/35 + 15 \times 21/35 = 25 \text{ years}$

Adjusted Final Salary is
 $£10,800 \times 35/21 = £18,000 \text{ per year}$

So your pension is
 $\frac{25 \times £18,000}{60} = £7,500 \text{ per year}$

Early retirement

If you retire on your 60th birthday after 20 years' Pensionable Service, with a Final Salary of £18,000 per year, your early retirement pension is:

$$\frac{20 \times £18,000}{60} = £6,000 \text{ reduced by } 25^* \text{ for early payment} = £4,500 \text{ per year}$$

*5% reduction for five years between 60 and 65 (5% is the current rate and this may change).

Cash option

You will normally be able to exchange some of your pension for a cash sum when you retire. Currently, this is paid free of tax. The amount of cash you can take is limited by the Inland Revenue, but is usually:

$$\frac{20 \times \text{Pension}}{3 + (20/\text{Commutation Factor}^*)}$$

The amount by which your pension is reduced will depend on the amount of cash taken and the **commutation factor** when you retire. Currently, men retiring at their Normal Pension Date give up £1 per year of pension for every £17.30 of cash taken; women give up £1 a year of pension for every £18.60 of cash. These rates of exchange are set by the Scheme's Actuary and may be changed in the future.

Please note

Your pension may not fall below the level of any Guaranteed Minimum Pension (GMP) you have.

If you have paid Additional Voluntary Contributions during your membership, in most cases you will be able to use some or all of the accumulated funds to provide cash on retirement. Details of this option will be provided to you on retirement.

Cash option

You are entitled to the pension of £4,500 per year calculated in the example for normal retirement on page 7. You can take a cash sum of up to:

$$\frac{20 \times £4,500}{3 + (20/17.3)} = £21,686$$

For every £17.30 of cash, you have to give up £1 per year of pension, so your reduction in pension is:

$$\frac{£21,686}{17.3} = £1,253 \text{ per year}$$

This leaves a pension of £3,247 per year, together with a cash sum of £21,686.
(The exchange rate of pension for cash of 17.3 may be subject to change)

Anyone seriously considering early retirement should always check the current benefit structure with the Secretary to the Trustees.

Pension Increases

Your pension in payment may consist of all or some of the following elements. You are entitled to the following increases on these elements:

Period of Service	Increase
Pension above the GMP before 6th April 1997	Increases are at the Trustee discretion.
GMP earned before 6th April 1988	No increase is paid by the Scheme on this element of pension.
GMP earned after 6th April 1988 to 5th April 1997	The Scheme provides increases of up to 3% (or CPI if less) on this element.
Pension based on service between 6th April 1997 and 28th February 2007	Guaranteed at the rate of 5% or the increase in the Retail Prices Index (RPI) if less.
Pension based on service after 28th February 2007	Guaranteed at the rate of 2.5% or the increase in the Retail Prices Index (RPI) if less.

Guaranteed Minimum Pension

The National Trust pension scheme was contracted out of the State Earnings Related Pension Scheme (SERPS) and as a result must provide a Guaranteed Minimum Pension (GMP) as part of your Scheme pension. The GMP only applies from State Pension Age (SPA), thus any pension increases granted before SPA will apply to the whole of a member's pension. Once you reach State Pension Age, 65 for men and 60 for women, your GMP must be split into its component elements.



Death benefits

The benefits payable on your death depend on whether you die while you are receiving your pension, or as a former employee who has a pension preserved in the Scheme.

Death in service

There are no death benefits payable from the Scheme. However, there may be a death in service lump sum paid by the NT.

Death as a pensioner

After retirement, death benefits payable are:

- A spouse's pension of two-thirds of your own pension at retirement (for this purpose, we ignore the fact you may have taken part of your pension as cash), plus any increases awarded since retirement;
- If you die within five years of retirement, a cash sum equal to the balance of the five years' pension instalments.

If you are not married, a pension may be payable to a dependant at the Trustees' discretion or, in respect of children, as described above.

Death as a deferred pensioner

Benefits are payable if you die after you have left the Scheme and have kept a deferred pension. The benefits are:

- A spouse's pension of one-half of your deferred pension including increases to the date of your death;
- A refund of your contributions to the Scheme.

If you wish to change your current nominations, you must complete a new Expression of Wish form and send it to the Scheme's Administrator (Gallagher).

Death as a pensioner

Suppose that three years after retiring, you die leaving a widow. When you retired your pension, before you exchanged part of it for a cash sum, was £8,000 per year. By the time you died, this would have increased to £8,400 per year. The pension you are actually receiving is £6,300 per year when you die, therefore the benefits payable are:

A widow's pension of two thirds of £8,400 = £5,600 per year; and

A cash sum of the balance of five years' pension instalments of $2 \times £6,300 = £12,600$

Leaving the National Trust

Your membership of the Scheme will end automatically if you leave the National Trust. Of course you will still be entitled to a deferred pension when you retire, calculated from your Final Salary and completed Pensionable Service.

On leaving the National Trust

You will be entitled to a pension payable from your Normal Pension Date. This is called a deferred pension and will be calculated as for retirement at your Normal Pension Date, but will be based on your Final Salary and your completed Pensionable Service when you leave.

Example of someone with 20 years pensionable service and a final pensionable salary of £30,000 on leaving.

$20/60 * £30,000 = £10,000$ deferred pension per annum.

The preserved pension will be increased during the period between leaving and drawing your pension. The amount of the increase will be the cumulative increase in the Consumer Prices Index (CPI) for each complete year, up to a maximum limit.

As an alternative to a deferred pension, you may transfer the value of your pension to the scheme of your new employer, to a personal pension or to another approved pension arrangement. The amount available for transfer will be calculated in accordance with certain statutory methods. The amount can vary from time to time, but will be guaranteed not to change for a period of three months from the effective date of calculation. You can ask for a statement of your transfer value once a year, and it will be provided within three months.

Keeping us informed

If you do leave a deferred pension in the Scheme to be paid at a later date, it is most important that you keep the Scheme's Administrator (Gallagher) informed of any change in your name or address so that you can be contacted when your benefits are due.

Information about the Scheme, including the address at which the Trustee can be contacted, has been given to the Pensions Regulator. The Pensions Service acts as a tracing agency and can help you trace benefits you may have in schemes with which you may have lost contact.

Get in touch

The contact details for the Pension Service are:

W: www.gov.uk/find-pension-contact-details
T: 0800 731 0175

GDPR

The NTRDBS is compliant with the General Data Protection Regulations (GDPR) introduced in 2018.

The full Privacy Notice for the Scheme is available upon request from the Scheme's Administrator.

Glossary of terms

Basic Salary is your rate of basic pay from time to time. It normally includes the notified value of any free accommodation ('Representative accommodation'), provided by the Trust.

Final Salary is your best consecutive twelve months' Basic Salary earned in the five years immediately before Normal Pension Date or earlier date of retirement or leaving service.

Guaranteed Minimum Pension is the minimum pension that the Scheme is obliged to provide as a result of contracting-out of the State Earnings Related Pension Scheme in respect of Pensionable Service between 6 April 1978 and 6 April 1997.

Normal Pension Date is your 65th birthday.

Pensionable Service is the number of years and complete months of continuous service as a member of the Scheme before 31 March 2016.

Key contacts

If you have any enquiries, please contact the Gallagher pension administration team:

Mailbox:

nationaltrustpensions@ajg.com

Helpline: 0330 822 7819

Postal address:

Gallagher (Bristol)

PO Box 319

Mitcheldean

GL14 9BF

The Scheme more than meets the “quality of benefit” test set by the Government in respect of benefits for both members and their spouses.

Scheme is the National Trust Retirement and Death Benefits Scheme.

State Pension Age is currently age 65 for men and age 60 for women. However, the State Pension age is due to change, as follows:

- For women born after 5 April 1955, it will increase to age 65. For those born between 6 April 1950 and 5 April 1955, State Pension Age increases on a sliding scale between 60 and 65.
- For men and women born after 5 April 1960, the State Pension age will increase to 66.
- For men and women born after 5 April 1969, the State Pension Age will increase to 67.
- For men and women born after 5 April 1978, the State Pension Age will increase to 68.

If you require this information in alternative formats, please email the Gallagher pension administration team at the email address nationaltrustpensions@ajg.com

