Ministerial CARE Pension Scheme
Parliamentary Contributory Pension Fund (PCPF)

A guide for members

House of Commons

Published October 2019

Contents

The links on this page will take you to the relevant section:

For any terms shown in italics, a description can be found in the Glossary.

01 Introduction

Welcome to the new Ministerial Pension Scheme (the Scheme), introduced following the 2015 General Election.

You may also have benefits from a former section of the Ministerial Pension Scheme and these will be treated separately. The majority of Ministers will also have benefits in the MPs' Pension Scheme. You are able to be a member of both schemes and any MPs' Pension Scheme benefits will also be treated separately.

The Scheme is one part of the Parliamentary Contributory Pension Fund (PCPF). It is managed by the Trustees in line with the *Scheme Rules* and any relevant pensions legislation.

There are ten Trustees. Eight are member-nominated Trustees, one is appointed by the Independent Parliamentary Standards Authority (IPSA) and another by the Minister for the Civil Service.

The Trustees hold regular meetings throughout the year to administer the Scheme in line with the Rules. The Trustees are assisted by staff in the Pensions Unit, House of Commons, to act as Secretariat and Buck as the administrators. Please contact either the Secretariat or Buck if you have any questions about your pension.

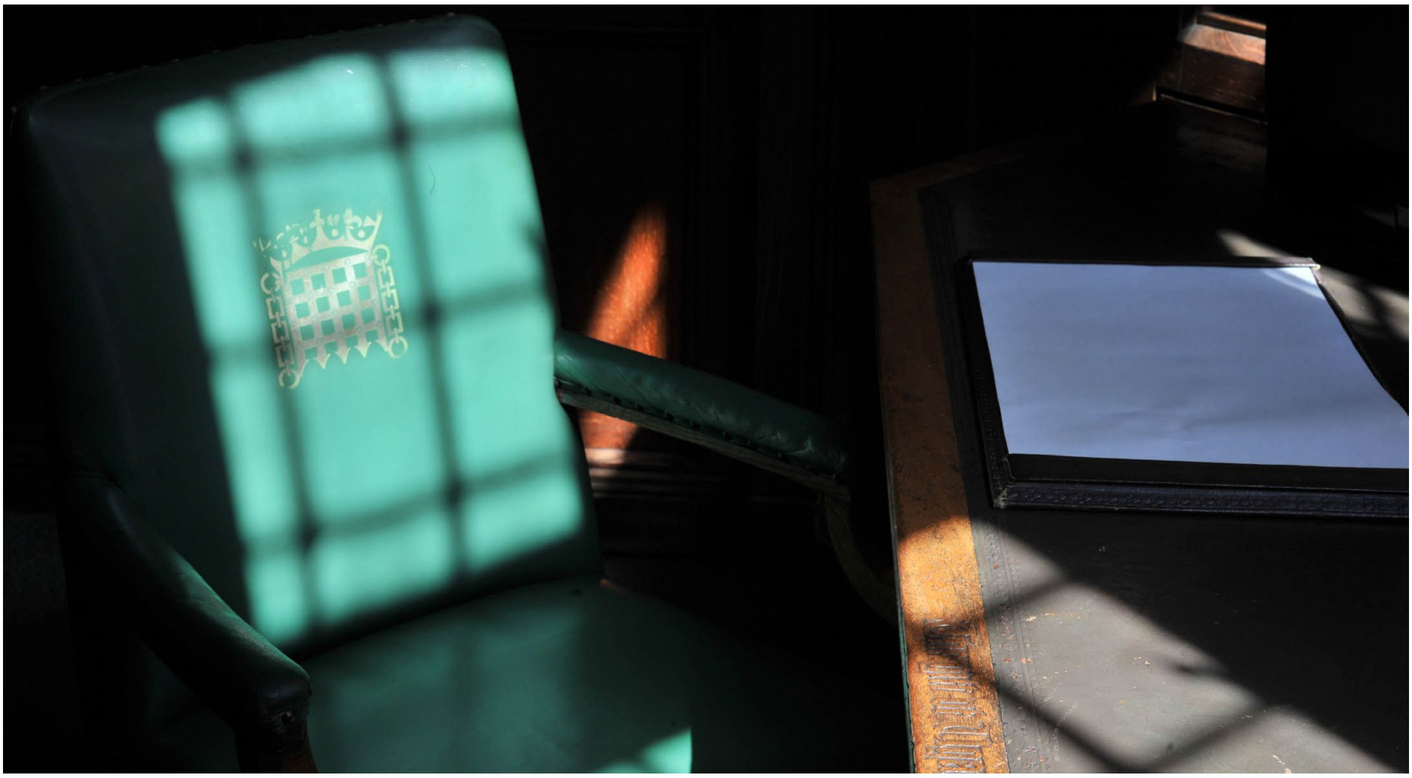
This booklet is designed to explain more about the benefits of your membership and, although every effort has been made to ensure the information contained within it is correct, it is intended as a guide and cannot reflect the full detail of the *Scheme Rules*. The *Scheme Rules* will always override the contents of this guide in the event of a discrepancy between the two.

There may be occasions where you need to take independent financial advice in respect of your retirement planning and this guide also includes details of where you can go for this.

You will find further information and useful documents online at: **www.myPCPFpension.co.uk**.

With best wishes,
Your Trustees

02 An overview of your benefits



Your membership of the Ministerial Pension Scheme provides valuable benefits, the most important of which is a pension for life.

You will build up CARE credits of 1.775% (approximately 1/56th) of your *pensionable salary* in each year you are a contributing member. Together, these credits will form your pension.

Some of the benefits of your Scheme membership are:

During your term of Ministerial Office

- A discretionary lump sum if you die while contributing to the Scheme
- Pension benefits for your *dependant(s)*, including *children*, if you die while contributing
- Options to retire earlier or later than the Scheme's *Normal Retirement Age*
- Tax relief on your contributions
- A balance of costs of your pension benefits met by the Exchequer
- The ability to proactively increase your pension benefits
- The option to transfer previous pension benefits into the Scheme
- Provisions for early retirement due to ill-health

When you retire

- A pension for life
- The option to take a tax-free cash sum at retirement in exchange for a reduced pension
- A pension for your *dependant(s)*, including *children*, when you die
- Annual increases to your pension

If you leave before retirement

- You can keep the benefits which you have already accrued in the Scheme until you retire. This is known as a deferred pension. Alternatively you can transfer the value of your benefits to another UK registered pension scheme or a qualifying recognised overseas pension scheme
- Alternatively, you may be able to take a refund of your own contributions if you had less than two years in the Scheme, which will include interest, less statutory deductions
- A discretionary *dependant(s)* pension, including *children*, and/or other death benefits may be paid when you die

If you also have benefits in the Scheme's Final Salary Section and/or the MPs' Pension Scheme, these will be treated separately. You should refer to the relevant member guide(s) for further information.

03 Joining the Scheme

You are automatically enrolled into the Ministerial Pension Scheme from the day of your appointment as a Minister to a Ministerial etc. Office.

You can opt out of the Scheme at any time by completing an opt-out form available from the Scheme administrator Buck.

Once you are in the Scheme, you will make contributions and you will build up benefits. You will find more information in this section about how these work and the associated tax limits.

Contributions – how they work

Both you and the Exchequer contribute to your pension scheme. At present, your contribution rate is 11.1% of your *pensionable salary* and the Exchequer meets the balance of the cost of providing your retirement benefits. The contribution rate you will pay will be assessed every three years and may change if the cost of providing benefits from the Scheme changes.

Your final benefits at retirement are calculated as described in section five.

The basic contributions paid into the Scheme by you and the Exchequer do not determine the level of your benefits payable on retirement.

Tax limits on annual contributions/accrual

Your normal contributions to the Scheme will receive tax relief. However, HMRC limits the amount of tax-free pension saving you can make each tax year across all of your pension arrangements (excluding the State Pension). This is called the Annual Allowance. The current Annual Allowance rate can be found at **www.gov.uk/hmrc**. If you exceed the limit, you are responsible for reporting the information to HMRC under the tax self-assessment process. Whilst in many schemes this is simply the amount you have paid in pension contributions, in this Scheme (excluding any AVCs) it is the amount you have increased the value of your pension in any tax year. This is determined by comparing the value of your pension at the start of the year to the value of your pension at the end of the year.

It is your responsibility to monitor how much Annual Allowance you have used. However, information about how much of the Annual Allowance you have used within the Ministerial Pension Scheme will be included on annual benefit statements that are issued to all contributing members each year by Buck.

Once you reach age 75 you do not receive tax relief on your contributions.

More information on the taxation of pension contributions and benefits can be found at **www.gov.uk/hmrc**.

04 Making the most of your benefits and understanding your options

You may wish to consider proactively increasing your retirement benefits. If so, there are a number of options.

Added Pension

You can buy Added Pension to increase your overall future benefits. This means you would buy an additional amount of pension. It is important to note that you can only apply to buy this extra pension once a year, either in April or within one month of you joining the Scheme.

You can pay for this by making either monthly contributions or a lump-sum payment.

There are two options available:

- An extra pension for you; or
- An extra pension for you and your *dependant(s)*, including *children*

If you choose to buy Added Pension by making monthly contributions, you must confirm the type of Added Pension you wish to purchase and the period over which you wish to make such contributions. The contribution rate will be fixed up to the date of the next General Election.

Monthly contributions to buy Added Pension will cease:

- If you give notice to cancel the payments, in which case the payments will cease at the next 31 March
- The Trustees determine that you have reached the maximum level of Added Pension and Effective Pension Age (see below)
- If you cease to be an active member in the Scheme (e.g. if you opt out)
- On the expiry of the period which you specified when you began making monthly contributions.

If you choose to make a lump sum payment, you will need to confirm the type of Added Pension you wish to purchase and the amount of lump sum you wish to pay. If the lump sum is not paid within a month of receiving your quotation, the amount of Added Pension bought will be recalculated in line with guidance from the Government Actuary's Department.

There is a maximum limit on the total Added Pension and value of Effective Pension Age that can be built up in the Scheme. The maximum limit is £6,500 for the CARE year ending 31 March, 2016. This is a total amount over the lifetime as a Minister. The limit may increase in future years depending upon inflation.

If you wish to buy Added Pension, a form can be requested from the Scheme administrator Buck or downloaded from **www.myPCPFpension.co.uk**

Effective Pension Age (EPA)

In the Ministerial Pension Scheme your *Normal Retirement Age* is the greater of age 65 and your *State Pension Age* (currently between 65 and 68 years) and if you choose to take your benefits before your *Normal Retirement Age* they would be reduced as they may be paid to you for longer. If your *State Pension Age* is over age 65 you could reduce your *Normal Retirement Age* by up to three years, by paying additional contributions to the Scheme to buy a revised EPA, provided this does not reduce your *Normal Retirement Age* below 65. The reduction applies to your normal CARE pension built up in the Scheme during the period in which you are making additional EPA contributions. It is important to note that you can only apply to do this once a year, either in April or within a month of joining the Scheme.

To calculate these additional contributions, factors such as your gender, age and how close you are to your *Normal Retirement Age* will be taken into account. The contribution rate will be fixed up to the date of the next General Election.

Additional contributions to buy EPA will cease:

- If you give notice to cancel the payments, in which case the payments will cease at the next 31 March
- When you reach your EPA
- If you cease to be an active member in the Scheme (e.g. if you opt out)

TThere is a maximum limit on the total Added Pension and value of EPA that can be built up in the Scheme. The maximum limit is £6,500 for the CARE year ending 31 March, 2016. This is a total amount over the lifetime as a Minister. The limit may increase in future years depending upon inflation. For the purposes of this limit, the value of EPA is based on factors provided by the Government Actuary's Department.

If you wish to make additional contributions to buy EPA, a form can be requested from Buck or downloaded from www.myPCPFpension.co.uk.

Early Retirement Reduction Waiver

If you decide to retire before your *Normal Retirement Age* (or a purchased EPA), your pension would normally be reduced because it is being paid early. You have the option at retirement to apply to make a one-off payment so that your retirement benefits are not reduced. Buck will calculate the cost of this, if requested, and the payment must be received before your pension will be paid.

04 Making the most of your benefits and understanding your options cont'd

Additional Voluntary Contributions (AVCs)

If you are under age 75, you can pay AVCs. The Scheme and the MPs' Pension Scheme both provide an AVC facility. These are essentially the same. If you are an MP, you can only make AVCs in the MPs' Pension Scheme. AVCs in the Ministerial Pension Scheme are therefore only relevant to Ministers who are not MPs.

AVCs are taken from your earnings before income tax is deducted* and used to build up an extra fund which will provide additional benefits on your retirement. This facility is currently provided through an external pension provider.

AVCs allow you to choose how much you want to contribute, select the funds you want to invest in from the wide range available, change your contributions or fund choices at any time and stop or re-start contributions, provided you still contribute to the Scheme.

AVCs are defined contribution benefits which can be used in a number of ways when you retire. Further information can be found at **www.gov.uk/pensionwise**.

It is recommended that you seek independent financial advice about your tax position if you are currently paying AVCs or are thinking of doing so. For a list of independent financial advisers, visit **www.unbiased.co.uk**.

Should you die before retirement, your AVCs may be used to provide an additional lump sum or a pension for your *dependant(s)*.

If you opt out of the Scheme any contributions you are paying into your AVC fund will also cease.

If you would like more information regarding AVCs please contact Buck.

*** Tax relief is normally available for AVCs of up to 100% of your salary, less the value of any other pension contributions you make in the relevant year. All AVCs count towards the Annual Allowance described on page six.**

Personal pension arrangements

You are also free to contribute to a personal pension arrangement whilst you are a member of the Scheme. Such arrangements are available from companies including banks, building societies and insurance companies and can be used in conjunction with, or as an alternative to, AVCs.

You should carefully consider the benefits of any personal pension and/or AVCs before you make any decisions. If you are in any doubt, you should seek independent financial advice. For a list of independent financial advisers, visit **www.unbiased.co.uk**.

Transfers into the Scheme

If you have pension benefits from previous providers or employers you may be able to transfer these into the Scheme, if your previous scheme was a UK registered pension scheme. The Trustees have discretion as to whether to accept transfers in. If the Trustees allow the transfer, it will buy additional CARE credits (see page 12), which will be calculated at the date the transfer is received by the Scheme, in accordance with guidance from the Government Actuary's Department.

There are various restrictions on the ability to transfer benefits into the Scheme.

If you are interested in transferring benefits into the Scheme, please contact Buck on **0330 123 0634** or visit the website at **www.myPCPFpension.co.uk** for more information. Actuary's Department.

05 Your benefits at retirement

For each year that you are a contributing member of the Scheme, you will build up a CARE credit of 1.775% (approximately 1/56th) of your pensionable earnings for that year.

While you remain an active member of the Scheme, your CARE credits will be revalued on each 1 April in line with the Consumer Prices Index. Your pension entitlement at your *Normal Retirement Age* is the total of all your revalued CARE credits.

You cannot retire (i.e. commence payment of your benefits) until you have ceased to be a Minister and also ceased to be an MP. You also cannot retire if you are a candidate for election as an MP.

There are a number of options available to you at retirement and it is important to have an understanding of these.

Tax-free lump sum

When you retire, you can choose to exchange part of your pension for a tax-free cash sum. As this is based on a commutation factor of 12:1, for each £1 annual pension you commute you will receive £12 lump sum. For example, if you commuted £100 pension you would receive a lump sum of £1,200.

Scheme year	CARE Credit based on relevant salary for Scheme Year (1.775%)	Annual CARE credits with an assumed inflation increase of 1% to the end of each scheme year. These will be revalued each year whilst you remain and active member of the Scheme. (Please refer to the Example 1 in the Frequently Asked Questions section)						Total Accumulated CARE pension at the end of each scheme year
Year 1: 2015/16	£364.06	£367.70						£367.70
Year 2: 2016/17	£562.32	£567.94	£371.38					£939.32
Year 3: 2017/18	£562.32	£567.94	£573.62	£375.09				£1,516.65
Year 4: 2018/19	£1198.21	£1,210.19	£573.62	£579.36	£378.84			£2,742.01
Year 5: 2019/20	£1198.21	£1,210.19	£1,222.29	£579.36	£585.15	£382.63		£3,979.62
Final year: *11/5/2020	£99.85	£99.93	£1,211.20	£1,223.31	£579.84	£585.64	£382.95	£4,082.87

*The final scheme year from 1 April 2020 to 11 May 2020 uses a pro-rated inflation increase.

Early retirement and reduction waiver

As long as you have ceased to be a Minister, ceased to be an MP and are not a candidate for election as an MP, you may be able to retire any time from age 55, but if you do so your pension will be reduced. The level of reduction would be based on actuarial factors, determined by the Trustees after taking advice from the Government Actuary's Department.

If you wish to retire earlier than your *Normal Retirement Age* or a purchased Effective Pension Age, but not have your pension reduced, you can buy an Early Retirement Reduction Waiver, as explained on page 9.

Allocate part of your pension

The benefits which may be payable on your death after retirement are described on page 16. However, you can choose to reduce the amount that you will receive on retirement in exchange for additional benefits payable on your death after retirement. If you wish to do this you will need to apply to the Trustees before your pension has started, with the details of the beneficiary and the amount of pension you would like to allocate to them.

Late retirement

If you retire after your *Normal Retirement Age* (or a purchased Effective Pension Age) your pension will be increased to reflect late payment using factors determined by the Trustees after taking advice from the Government Actuary's Department. However, even after you have reached your *Normal Retirement Age* you cannot retire unless you have ceased to be a Minister, ceased to be an MP and are not a candidate for election as an MP.

Tax limits on total benefits

You should note that your pension benefits are subject to the Lifetime Allowance, which is an HMRC limit. It is the lifetime limit on the total amount you can save in all your pension arrangements, including any you might have outside the Scheme (excluding State Pensions) without paying an additional tax charge.

Before your benefits can be put into payment, you will need to complete a declaration on the value of your Lifetime Allowance. You may need to provide Buck with details of any other pensions to which you are entitled so that your Scheme benefits can be checked against the Lifetime Allowance. It is your responsibility to provide the correct information to Buck. If you exceed the Lifetime Allowance, the excess will ordinarily be subject to a tax charge.

There are various tax protections relating to the Lifetime Allowance for which you may have applied (or may wish to apply). These include Enhanced Protection, Primary Protection, Fixed Protection and Individual Protection. If you believe that any of these apply to you, it is extremely important that you notify Buck as soon as possible because the protections may be lost if you do not opt out of the Scheme within three months of joining. If you are unsure as to whether you wish to apply for tax protections, you should seek independent financial advice.

More information on the taxation of pension contributions and benefits, including the current level of the Lifetime Allowance, can be found at **www.gov.uk/hmrc**.

06 Ill-health benefits

If you cease to be a Minister before your *Normal Retirement Age* due to ill-health, you may be eligible for an ill-health pension.

There are two levels of pension, total incapacity and partial incapacity, for which you may qualify.

Partial incapacity is where the Trustees consider that you are permanently prevented from adequately performing the duties of a Minister. A partial incapacity pension is based on your pension built up to date, without an enhancement.

Total incapacity is where, in addition, the Trustees consider that you are permanently prevented from performing any gainful work. A total incapacity pension is based on your pension built up to date, plus an enhancement in line with the *Scheme Rules*.

Any ill-health pension awarded (whether on grounds of total or partial incapacity) will not be reduced due to it being paid before *Normal Retirement Age*.

An application for an ill-health pension is subject to a number of conditions:

- You must be under *Normal Retirement Age* (there is no minimum age for applying for ill-health benefits)
- You must have ceased to be a Minister and ceased to be an active member of the Scheme as a direct result of your partial or total incapacity
- You must certify to the Trustees that you do not intend to seek election or re-election to the House of Commons, or to accept any future offer of a post as a Minister
- For total incapacity applications only, you must also certify to the Trustees that you do not intend to accept membership to the House of Lords
- You may be required to undergo a medical examination by a medical practitioner of the Trustees' choice. The Trustees may require you to meet the cost of this examination.

Once an ill-health pension has been awarded, the Trustees may require periodic reviews by a medical practitioner to see if you still qualify for payment of an ill-health pension. The pension may be reduced or terminated following such a review. No such review will take place once you have reached your *Normal Retirement Age*.

Ill-health and dissolution of Parliament

If Parliament is dissolved, you may apply for ill-health pension if you cease to serve as a Minister at the dissolution of Parliament.

If you are to stand down from Parliament on the grounds of illhealth, you can apply to the Trustees in advance of the election at which you wish to cease serving.

07 Death in service benefits

Should you die whilst you are an active member of the Scheme, there are various benefits summarised in this section which may be payable to your *dependants*, including *children*.

All of these benefits are payable at the discretion of the Trustees.

If you die after reaching age 75, the benefits may be subject to reduction and/or adjustment to reflect tax charges and requirements.

Lump-sum death benefits

If you die whilst an active member of the Scheme, the Trustees have a discretion to pay one or both of the following lump sum benefits:

- two times your *pensionable salary* (at the time of death); and
- the contributions which you have paid to the Scheme, with interest.

The current value of any Additional Voluntary Contributions may also be payable.

It is very important to complete a Death benefit nomination form to inform the Trustees who you would like your beneficiaries to be and what percentage of the lump sum you would like them each to receive. You can nominate an individual or several people, clubs or organisations, and/or charities.

If you have completed a Death benefit nomination form, the Trustees will normally pay any lump sum payable on your death to those named on your most recent form.

You can download a form from the website **www.myPCPFpension.co.uk** or request one from the Scheme administrator Buck. If you have already completed a form, you need to ensure it is up to date. You may wish to review it every couple of years to make sure it still reflects your current wishes.

If you have not completed a Death benefit nomination form, any lump sum payable will be paid to your personal representatives.

Any completed Death benefit nomination form will cover your death benefits in respect of membership of all Sections of the PCPF.

Dependant(s) pension

If you die whilst an active member of the Scheme and you are survived by a *dependant*, the Trustees have a discretion to pay a pension to your *dependant*. The amount of that pension will be 37.5% of the pension which you would have received if you had retired immediately before your date of death (not including any Added Pension that you may have purchased to increase your pension only) with no early retirement factors applied. This may be subject to some enhancement for any future service up to your *Normal Retirement Age*.

The pension will be reduced if your *dependant* is more than 12 years younger than you. This is to allow for the likely cost to the Scheme of paying the pension for a longer period.

If there is no surviving spouse, same sex spouse or civil partner a *dependant(s)* pension can only be paid if you have nominated a partner. You can do this by completing the relevant form which is available at **www.myPCPFpension.co.uk** or from Buck.

07 Death in service benefits cont'd

Children's pension

If you die whilst an active member of the Scheme and you are survived by one or more *children*, the Trustees have a discretion to pay a pension to such of those *children* as they decide.

The amount of any *children's* pensions depends upon whether a *dependant's* pension is payable or not.

Where a *dependant's* pension is payable:

- If there is one child, the child will receive 80% of the *dependant's* pension
- If there is more than one child, the amount of pension will be calculated by multiplying 80% of the *dependant's* pension by two and then dividing this amount by the number of *children*. Each child will then receive this percentage. Examples of different scenarios can be seen in the table right.

Number of children	Percentage of adult dependant pension payable to each child
1	80%
2	80% (80% X 2/2)
3	53.3% (80% X 2/3)
4	40% (80% X 2/4)
5	32% (80% X 2/5)

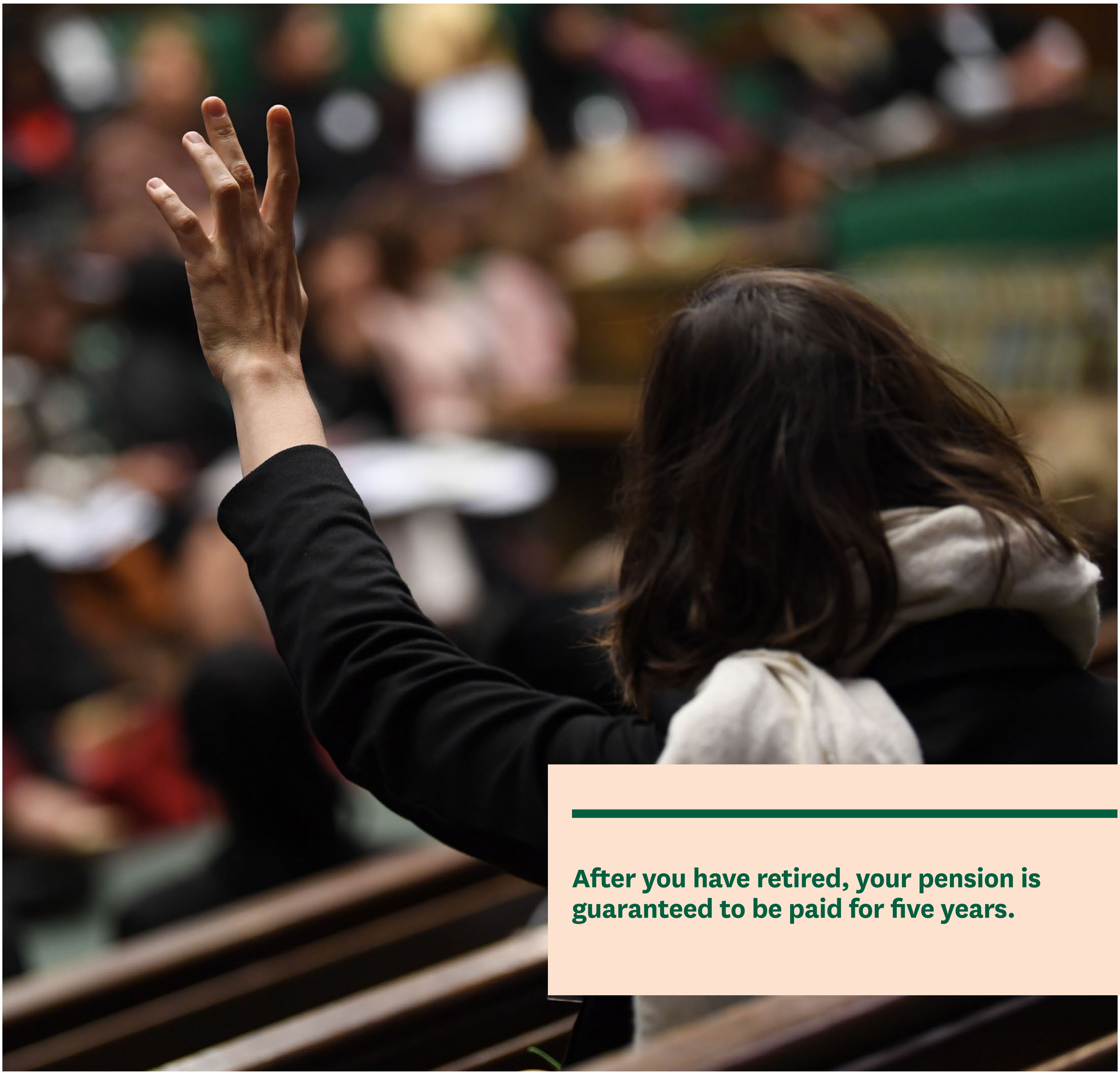
Where a *dependant's* pension is not payable:

- If there is one child, the child will receive 133.3% of the *dependant's* pension
- If there is more than one child, the amount of pension will be calculated by multiplying 133.3% of the *dependant's* pension by two and then dividing this amount by the number of *children*. Each child will then receive this percentage. Examples of different scenarios can be seen in the table right.

Number of children	Percentage of adult dependant pension payable to each child
1	133.3%
2	133.3% (133.3% X 2/2)
3	88.9% (133.3% X 2/3)
4	66.7% (133.3% X 2/4)
5	53.3% (133.3% X 2/5)

Each child's pension will cease to be payable when that child ceases to meet the definition of a child. Any other *children's* pensions which continue in payment will not be adjusted.

08 Death after retirement benefits



After you have retired, your pension is guaranteed to be paid for five years.

Should you die within five years of your pension starting, the balance of any pension payable may be paid at the discretion of the Trustees as a lump sum. In some circumstances, this may need to be paid as a pension. It would be paid in addition to any *dependant's* and/or *children's* pension.

The Trustees may also have a discretion to pay pensions to any surviving *dependant* and/or *children*. In summary these pensions are calculated in the same way as those payable on death in service (see pages 15 to 16) but based on the pension payable to you at your date of death (rather than the notional pension described on page 15), disregarding any commutation for tax-free cash which you made on retirement and any Added Pension that you may have purchased to increase only your pension.

If you die after reaching age 75, the benefits may be subject to reduction and/or adjustment to reflect tax charges and requirements.

09 If you cease to contribute

If you cease to contribute to the Scheme (e.g. because you cease to be a Minister or you opt out), there are different options available to you, depending upon how long you have been in the Scheme.

Refund of your contributions

You may be able to receive a refund of your contributions if you have less than two years' pensionable service in the PCPF and provided you have not transferred in any benefits from another registered pension scheme. Once the refund has been paid, you will no longer have any rights within the PCPF.

Deferring your pension benefits

If you stop contributing to the Scheme and do not immediately claim your pension your benefits will be deferred. Your deferred pension will, in summary, be calculated on the same basis as a pension payable on retirement from active status. Your deferred benefits will be revalued from when you cease contributing until your *Normal Retirement Age* (or, if earlier, the date on which you take your benefits) in accordance with the Pensions (Increase) Act 1971.

Provided that you have ceased to be a Minister and are not an MP, you can choose to receive your deferred pension at any time from age 55 (or earlier on grounds of ill health – see page 19). If you retire before your *Normal Retirement Age* (or your purchased Effective Pension Age) your pension will be reduced to take account of the fact that it is being paid early. If you wish to retire earlier than your *Normal Retirement Age* (or your purchased Effective Pension Age), but not have your pension reduced, you can apply to buy an Early Retirement Reduction Waiver at retirement. The payment for this must be received before your retirement benefits can be paid.

If you retire after your *Normal Retirement Age* (or your purchased Effective Pension Age), your pension will be increased to take account of late payment in the same way as if you retired from active status (see page 12).

If you die while your benefits are deferred, the Trustees may have a discretion to pay:

- a *dependant's* pension and/or *children's* pensions. In summary these pensions are calculated in the same way as those payable on death in service (see pages 15 to 16) but without any enhancement in respect of future service; and/or
- a lump sum which is equal to your contributions to the Scheme, with interest.

If you die after reaching age 75, the benefits may be subject to reduction and/or adjustment to reflect tax charges and requirements.

Transferring out of the Scheme

If you do not wish to leave your benefits deferred within the Scheme, you can apply to transfer them to another UK registered pension arrangement or to a qualifying recognised overseas pension scheme. You may have a statutory right to a transfer. If not, the Trustees have a discretion to permit a transfer.

If you have benefits in other sections of the PCPF (e.g. the MPs' Scheme), you can make a transfer request in relation to all of those sections or in relation to any one or more specific sections. However, a transfer request in relation to non-AVC benefits in the post-2015 Ministerial Scheme must involve the transfer of all such benefits.

If you request to transfer benefits out of the Scheme, you will receive a quotation for the transfer value of those benefits. This quotation will be guaranteed for three months from the date of calculation and is calculated in a manner determined by the Trustees after consultation with the Government Actuary. The Trustees have powers to restrict transfer values in certain circumstances.

Once a transfer payment is made, you will no longer have any rights in the sections of the PCPF to which the transfer relates.

Neither the Trustees nor the Scheme administrator Buck, are able to provide any advice on transferring benefits and recommend that you take independent financial advice before making a decision. For a list of independent financial advisers, visit **www.unbiased.co.uk**.

For details of your current transfer value, please write to Buck (contact details are on page 29). If you require more than one quote in any 12-month period there may be an administration charge for each additional quote.

Ill-health

Provided that you have ceased to be a Minister and are not an MP, you may be able to retire from deferred status before age 55 if you suffer from partial or total incapacity. The tests for partial and total incapacity are described in section six. However, the enhancement that applies to retirement from active status on grounds of total incapacity does not apply on retirement from deferred status, and a reduction for early payment therefore applies.

If you are a deferred member, ill-health is therefore only relevant if you wish to retire before age 55.

10 How pensions are paid and increased over time

A pension in payment from the Scheme will be paid monthly, in arrears, and (except for a child's pensions) will usually be paid for life.

It will be increased each April in accordance with the relevant Pension Increase (Review) Order made under the provisions of the Pensions (Increase) Act 1971. The increase will be pro-rated for any pensions that have been in payment less than 12 months.

In the event that you retire, but are later re-appointed as a Minister and start to receive a *pensionable salary*, your pension will be withheld for as long as you remain a Minister. After this period, your pension will be reinstated at the rate which applied prior to the suspension plus any increases that would have been payable during the suspension period.

In addition, if you retire but are appointed as a Minister within 28 days after the date on which you first receive payment of a pension under the Scheme, you will be treated as never having been entitled to the pension and you must repay any payments you have received.

11 If you are re-elected after a break in pensionable service

If you cease to participate in the Scheme as an active member but subsequently re-join the Scheme, any pension benefits that you previously had left as deferred pension in the Scheme will be combined with your new period of membership.

12 Frequently asked questions

How is my pension calculated?

Example 1

This is an example of how your retirement benefits are calculated (these figures are not guaranteed and may be different in practice).

Date of joining Scheme:	12 May 2015
Assumed salary from 12 May 2015:	£22,375
Assumed salary from 1 April 2016:	£31,680
Assumed salary from 1 April 2018:	£67,505
Assumed inflation:	1% p.a.
Date of leaving Scheme:	11 May 2020

1 April 2016

Service in the Scheme:
12 May 2015 to 31 March 2016 (11 months)

CARE pension at 31 March 2016:
£22,375 X 11/12 X 0.01775 = £364.06

2015/16 Revalued CARE pension:
£364.06 X 1.01 = £367.70

1 April 2017

Service in the Scheme:
1 April 2016 to 31 March 2017 (1 year)

CARE pension at 31 March 2017:
£31,680 X 1 X 0.01775 = £562.32

2016/17 Revalued CARE pension:
£562.32 X 1.01 = £567.94

2015/16 Revalued CARE pension:
£367.70 X 1.01 = £371.38

For 2017/18 a CARE pension (based on £31,680 salary) is calculated for the year and revaluation applied to that year and previous years.

1 April 2019

Service in the Scheme:
1 April 2018 to 31 March 2019 (1 year)

CARE pension at 31 March 2019:
£67,505 X 1 X 0.01775 = £1,198.21

2018/19 Revalued CARE pension:
£1,198.21 X 1.01 = £1,210.19

2017/18 Revalued CARE pension:
£567.94 X 1.01 = £573.62

2016/17 Revalued CARE pension:
£573.62 X 1.01 = £579.36

2015/16 Revalued CARE pension:
£375.09 X 1.01 = £378.84

For 2019/20 a CARE pension (based on £67,505 salary) is calculated for the year and revaluation applied to that year and previous years.

11 May 2020

Service in the Scheme:
1 April 2020 to 11 May 2020 (1 month)

CARE pension at 11 May 2020:
£67,505 X 1/12 X 0.01775 = £99.85

On leaving, your CARE pension will be revalued based on the time between 1 April and 11 May 2020.

CARE year ending	CARE pension (with revaluation applied each April)	Final CARE pension (with revaluation between 1 April and 11 May 2020)
31 March 2016	£382.63	£382.95
31 March 2017	£585.15	£585.64
31 March 2018	£579.36	£579.84
31 March 2019	£1,222.29	£1,223.31
31 March 2020	£1,210.19	£1,211.20
11 May 2020	£99.85	£99.93
	Total CARE pension	£4,082.87

If you do not take your benefits at this time, they are preserved in the Ministerial Pension Scheme and are revalued using the Pensions Increase Act 1971 between date of leaving and retirement.

If you re-join as a Minister at a later time following a break in service the past Ministerial CARE benefits become active again and further CARE credits are accrued for future service.

Example 2

Example of re-joining the Ministerial Scheme

If you have previous membership in line with Example 1, leaving on 11 May 2020, with a deferred pension of £4,082.87.

Date of re-joining Scheme:	12 July 2023
Assumed salary from 12 July 2023:	£67,505
Assumed inflation:	1% p.a.
Date of leaving Scheme (second time):	11 May 2025

12 July 2023

Original CARE credits from the first period of service will be revalued for the number of 1 Aprils between date of leaving (11/05/2020) and the last 1 April before re-joining the Ministerial Pension Scheme, 1 April 2023.

2015/16 Revalued CARE pension (April 2021 revaluation): £382.63 X 1.01 = £386.46

2015/16 Revalued CARE pension (April 2022 revaluation): £386.46 X 1.01 = £390.32

2015/16 Revalued CARE pension (April 2023 revaluation): £390.32 X 1.01 = £394.22

CARE pension earned from the first period is also revalued for April 2021, 2022 and 2023. This table shows the CARE pension to take account of revaluation over this period.

12 Frequently asked questions cont'd

On leaving, your CARE pension will be revalued based on the time between 1 April and 11 May 2020.

CARE year ending	CARE pension (with revaluation applied to 1 April 2020)	Final CARE pension (with revaluation applied to 1 April 2023)
31 March 2016	£382.63	£394.22
31 March 2017	£585.15	£602.88
31 March 2018	£579.36	£596.91
31 March 2019	£1,222.29	£1,259.33
31 March 2020	£1,210.19	£1,246.86
11 May 2020	£99.85	£102.88
	Total CARE pension	£4,203.08

1 April 2024

Service in the Scheme:
12 July 2023 to 31 March 2024 (9 months)

CARE pension at 31 March 2024:
£67,505 X 9/12 X 0.01775 = £898.66

2023/24 Revalued CARE pension:
£898.66 X 1.01 = £907.65

2020/21 Revalued CARE pension:
£102.88 X 1.01 = £103.91

2019/20 Revalued CARE pension:
£1,246.86 X 1.01 = £1,259.33

2018/19 Revalued CARE pension:
£1,259.33 X 1.01 = £1,271.92

2017/18 Revalued CARE pension:
£596.91X 1.01 = £602.88

2016/17 Revalued CARE pension:
£602.88 X 1.01 = £608.91

2015/16 Revalued CARE pension:
£394.22 X 1.01 = £398.16

The CARE pension for 2024/2025 is calculated and revalued for that year and any previous years of CARE pension (included from the first period of employment).

11 May 2025

Service in the Scheme:
1 April 2025 to 11 May 2025 (1 month)

CARE pension at 11 May 2025:
£67,505 X 1/12 X 0.01775 = £99.85

On leaving on 11 May 2025, your CARE pension for all scheme years (first and second periods of employment) will be revalued based on the time between 1 April and 11 May 2025, and aggregated together to form your total CARE pension in the Ministerial Pension Scheme (as set out in Example 1).

Will I receive an annual statement?

Yes. If you are an active member of the Scheme you will receive an annual statement confirming the current value of your benefits. If you have deferred benefits and are not contributing to the MPs' Pension Scheme, a statement will not be issued automatically, but you can request figures from the Scheme administrator Buck.

What if I need advice?

Neither the Trustees, the Secretariat, nor Buck are permitted to give you any form of financial advice. For a list of independent financial advisers, visit **www.unbiased.co.uk**.

What if I have a complaint?

The Scheme has an Internal Disputes Resolution Procedure for considering complaints and disagreements. If you have a complaint, you should first write to the Secretariat, which will respond to you directly. Contact details can be found on page 29.

At any time during the disputes procedure, or if you are not satisfied with the reply, you can refer your complaint to either the Pensions Advisory Service on 0300 123 1047 or the Pensions Ombudsman on 020 7630 2200. You can write to either of them at 11 Belgrave Road, London, SW1V 1RB.

What if I get divorced or dissolve a civil partnership?

If you face divorce or the dissolution of a civil partnership, your pension is likely to be considered along with your other assets when financial settlements are worked out.

A court order can be made to transfer part of the value of your benefits as part of the divorce or dissolution proceedings. If this is the case, it would mean your Scheme benefits would be reduced to provide benefits for your ex-spouse or ex-civil partner. Any order made by the court must be applied to your pension benefits.

Please contact Buck for further information about how divorce affects your pension.

Will personal information be handled confidentially?

The Trustees, the Secretariat and their advisers and Buck will process personal data in relation to you. This may include sensitive data (as defined in the Data Protection Act 1998). In accordance with the Act, all information concerning Scheme members and their *dependants* will be treated by the Trustees and their advisers as confidential..

Can I view the Trustees' report and accounts?

Yes. These are produced every year and you can request a copy from the Secretariat. You will also be sent a summary report every year.

Where can I get more information?

For general information about the Scheme, or if you have a query about anything contained in this booklet, please contact Buck, or the Secretariat in the House of Commons using the contact details on page 29.

13 Glossary of terms for the MPs’ Pension Scheme

Children

In summary, any of your *children* (including an adopted child, illegitimate child or stepchild) who, at the time of your death, are:

- under the age of 18 (or under the age of 23 and in full-time education or vocational training); or
- are (regardless of age) in the opinion of the Trustees *dependant* on the deceased at the time of his/her death because they are unable to engage in gainful employment because of physical or mental impairment which is, in the opinion of the Trustees’ medical adviser, likely to be permanent.

Dependant

In summary:

- your spouse (including a same sex spouse) or registered civil partner or your surviving adult *dependant* – as nominated by you, using the appropriate document, and who at the time of your death satisfies the Trustees that:
  - you were cohabiting as partners in an ensuring long-term relationship;
  - they were not prevented from marrying or forming a civil partnership with you
  - they were either financially dependent on you or that you were financially interdependent

Ministerial Office Holder

- Chancellor of the Exchequer
- Secretary of State
- Lord President of the Council
- Lord Privy Seal (Leader of the House of Lords)
- Chancellor of the Duchy of Lancaster
- Paymaster General
- Chief Secretary to the Treasury
- Parliamentary Secretary to the Treasury
- Parliamentary Secretary other than to the Treasury
- Minister of State
- Any other Minister in charge of a public department of the Government
- Leader of the House of Commons
- Financial Secretary to the Treasury
- Attorney General
- Solicitor General
- Advocate General for Scotland
- Speaker of the House of Lords
- Captain of the Honourable Corps of Gentlemen-at-Arms
- Captain of the Queen's Bodyguard of the Yeoman of the Guard
- Treasurer of Her Majesty's Household
- Lord in Waiting
- Comptroller of Her Majesty's Household
- Vice-Chamberlain of Her Majesty's Household
- Junior Lord of the Treasury
- Chief Whip, House of Commons
- Assistant Whip, House of Commons
- Chief Whip, House of Lords
- Leader of the Opposition in the House of Commons
- Chief Opposition Whip of the House of Commons
- Assistant Opposition Whip of the House of Commons
- Leader of the Opposition in the House of Lords
- Chief Opposition Whip of the House of Lords
- Chairman and Deputy Chairman of Ways and Means
- Chairman and Deputy Chairman of Committees of the House of Lords

13 Glossary of terms for the MPs' Pension Scheme cont'd

Normal Retirement Age
The earlier of age 65 and your State Pension Age (see details in this Glossary). This is the age from which you may take receipt of your pension benefits without early retirement reductions (subject to any purchased Effective Pension Age).

Pensionable salary
The annual salary you are entitled to as a Minister, less any salary that has been waived.

Scheme Rules
The rules of the Scheme from time to time, as set out in schemes made by IPSA under the Constitutional Reform and Governance Act 2010.

State Pension Age
This is the earliest you can claim your State Pension.

For men born before 6 December 1953, the current State Pension is age 65. For women born after 5 April 1950, but before 6 December 1953, the State Pension Age is between 60 and 65.

From December 2018, the State Pension for both men and women will increase to reach age 66 in October 2020. Therefore, men and women with dates of birth between 6 December 1953 and 5 October 1954 will have a State Pension Age between 65 and 66. If you were born after 5 October 1954, your State Pension Age will be 66.

There are proposals for the State Pension Age to increase to 67 between 2026 and 2028, which will affect those born after 5 April 1960. Further changes are anticipated to ensure that the State Pension Age continues to keep pace with increases in life expectancy.

14 Who to contact

Please send all requests for information about your pension entitlement to the organisation which has been appointed by the Trustees to administer the Scheme:

PCPF Administration Team
Parliamentary Contributory Pension Fund
Buck (Bristol)
PO Box 319
Mitcheldean GL14 9BF

Email
PCPF@buck.com

Telephone
0330 123 0634

Website
www.myPCPFpension.co.uk

If you require a meeting to discuss your pension please contact:

PCPF Secretariat
Pensions Unit
House of Commons
London
SW1A 0AA

Telephone 020 7219 2106
Fax 020 7219 2554
Text relay 18001 7219 2106
Email pensionsmp@parliament.uk

House of Commons

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