

CARE

Employer Administration Guide

Defined Benefit and Defined Contribution



Retirement Solutions

Introduction

TPT Retirement Solutions Career Average Revalued Earnings (CARE) Scheme (the Scheme) is an occupational pension scheme. The Scheme closed to the further build up of benefits with effect from 31 March 2016. This booklet has been produced as a reference guide for employers that have employed members of the Scheme.

Scheme Closure

Members who were active members at the date of closure were treated as 'leavers' from the Scheme and were provided with the following options:

- **A deferred pension** - The pension remains in the CARE Scheme. DB pensions will continue to increase and DC funds will continue to rise and fall in line with investment performance while in deferment. Benefits can be taken at age 55, but DB pensions will be reduced if taken early and DC pensions will be based upon the member's accumulated fund at the date they retire. Members with a protected pension age can retire from between ages 50 and 55 but they will have to leave their job to do so.
- **A transfer** – It may be possible for the member to transfer benefits from the Scheme to another registered pension scheme. Members who wish to take this option should ask their new pension provider to contact TPT for a quotation.
- **Refund of contributions** – this option is only available to members with less than two years' qualifying service. The member will receive a refund of their own contributions in the Scheme (but not their employer's).

There are two deductions from the refund:

- tax will be deducted from the contributions refunded at an amount required by HMRC. This is to take into account the tax relief members received on the contributions paid in to the Scheme; and
- if the member is in the DB 80ths contracted-out structure, an amount which will buy the member back into the additional State Pension (known as State Second Pension).

Retirement and Death

When an employee retires before Normal Pension Age (NPA)

NPA for the Scheme benefits is 65 years.

You, as the employer, may have agreed an earlier retirement age.

If a member has reached age 55 they have the option to take all or part of their benefits while remaining in your employment.

If a pension from one of the DB structures is claimed prior to age 65 it will be reduced to reflect early payment. The pension will be smaller than it would be at NPA because:

- the member will have been in the Scheme for a shorter period; and
- the earlier a pension starts, the longer it is likely to be paid.

A DC pension taken before age 65 will be based upon the member's accumulated fund at the date they retire. The pension is likely to be smaller than it would be at NPA because:

- fewer contributions will have been paid into the Scheme; and
- the pension amount will reflect the fact that the pension will have to be paid for longer.

From 6 April 2015 members aged 55 and over have greater choices over how they access their DC pension savings. Members can now take all of their DC pot as cash. 25% of the pot would be tax-free, with the remainder subject to their marginal income tax rate in that year. Further information is available on the Money Advice Services website www.moneyadviceservice.org.uk

If the employee decides to take their pension early, please notify TPT and we will then send the employee information about their retirement options.

When an employee is due to retire at NPA

Please notify TPT as soon as possible. TPT will then liaise directly with the employee and provide details of the options available.

If you also want to know what these options are, please inform TPT when you send the form.

Please note that we cannot pay any benefits without your confirmation of the member's withdrawal or retirement.

When an employee has to retire because of ill-health

Inform TPT as soon as it seems likely that an employee may need to retire early because of ill-health. Guidance on eligibility for early pension benefits is available on request. TPT will send a questionnaire for you to complete and return. We will also ask the employee concerned to complete and return a form giving consent for TPT to contact his/her doctor for a medical report.

In order for the member to qualify the Trustee must be satisfied that the employee will be unable to work again, in any capacity, before reaching NPA. If a pension is paid from one of the DB Structures, it will be at a higher rate than if the employee had voluntarily elected to retire earlier than the NPA. Members may be able to secure an impaired life annuity with their DC fund.

Once the ill-health retirement is approved, we will contact you to request confirmation of the employee's date of retirement. The ill-health pension is payable from the day after the date of retirement.

What to do when an employee dies

As soon as you become aware of the death of an employee who was an active member of the Scheme, you should telephone your normal contact at TPT immediately. You should provide as much information as possible, so that the necessary benefit calculation can be commenced. You should follow this up with a letter enclosing the **original** death certificate.

Any further information relating to the deceased employee's next of kin or nominated beneficiaries, or any unusual circumstances, should be notified. This will assist TPT in dealing with the payment of the benefits in a sympathetic and efficient manner.

If you prefer to remain involved, you should notify TPT. Otherwise, TPT will liaise directly with the deceased's family and/or nominated beneficiaries, asking for any necessary forms to be completed and requesting copies of relevant certificates.

Payroll / Payment Procedures

Procedure

Whilst The CARE Scheme is closed to contributions, you may offer another of TPT's pension schemes (e.g. The Flexible Retirement Plan) to your employees. You will need to submit data via TPT's eBusiness system, prior to sending contribution payment. Details of the eBusiness system can be found on our website via the following link: www.tpt.org.uk/login.

If you offer another pension scheme, such as the FRP, then the deficit contributions and expenses payments you make to The CARE Scheme can be submitted via the eBusiness system as part of the monthly submission you make. If you only pay deficit contributions and expenses, then these payments should be made outside of the eBusiness system via a separate direct debit mandate directly to TPT.

If you have any queries regarding any of the above, or require any further information, please contact the Employer Support Team via employersupport@tpt.org.uk or on 0113 394 2770.

Basic Data Changes

It is important that members notify us when their circumstances change, so that we may update our records. Accurate and up-to-date information will reduce delays when benefits become payable.

Change of Address

Any change of address should be provided by the employer via the HR Data File if you have signed up to BenPal. To help us identify and verify the member record the member should also include the following details.

- Full Name;
- Date of Birth;
- National Insurance Number
- Membership Number; and
- Employer Name

Change of nominee for survivor pension/lump sum death benefits

Members can download a Nomination Form from our website www.tpt.org.uk/schemes/care-db or contact us to request one. The form should then be completed and returned to TPT as soon as possible.

Change of Name/Status

Change of name or status should be provided via eBusiness. Alternatively, members can notify TPT in writing.

Miscellaneous

Employer's Obligations

The employer has a duty under the Trust Deed to advise TPT immediately should the employer go into liquidation, receivership or administration or become bankrupt. If any other event occurs relating to the employer which may be of material significance to the Trustee or its advisers, TPT must be notified. The employer is also required, by law, to ensure all contributions are received by TPT within the stipulated legal time limit and TPT will not be responsible for any penalty imposed by the regulatory authorities for failure to do so.

The Scheme is a multi-employer pension scheme and is subject to the provisions of the Occupational Pension Schemes (Employer Debt) Regulations 2005. In the event of an employer ceasing to participate in the Scheme at a time when the Scheme has a deficit in the DB structures on the full buy-out basis, a debt on withdrawal will be due. The full buy-out basis is a prohibitively expensive way of funding pension benefits as it guarantees the pension payable for each member individually with no pooling of risk. For this reason, a very cautious, low return investment strategy is required.

Like almost all defined benefit schemes at the present time, the Scheme has a deficit on the full buy-out basis. At the last actuarial valuation (30 September 2013) the Scheme Actuary calculated the funding level on a full buy-out basis to be 48.9%. This means that if a solvent employer withdraws from the Scheme there will be a debt due from that employer equal to its share of the deficit calculated on the full buy-out basis.

An employer will be deemed to have withdrawn if deficit contributions are no longer being paid into the Scheme.

This booklet is intended to provide an explanation of the main benefits under the Scheme. If there is any conflict between the interpretation given in this booklet and the formal Trust Deed and Rules, the legal interpretation of the formal documents will prevail. Copies of the Trust Deed and Rules are available from TPT and also on our website at www.tpt.org.uk.

TPT is not registered under the Financial Services and Markets Act to give financial advice. Any information that is provided to members or prospective members should, therefore, be taken to constitute information and not taken to constitute advice. When providing information to members or prospective members, the Trust takes care to provide an accurate service but the decision and choice remains the individual's for which TPT cannot be responsible.

In addition, regulations have been issued which set out the events which employers and trustees have to notify to The Pensions Regulator. The Statutory Instrument (SI 900/2005) sets out the events which are notifiable to The Pensions Regulator. The instructions for notifying the Regulator and the relevant notification form can be found on the website: www.pensionsregulator.gov.uk If you have any queries regarding notifiable events, please contact TPT.

For an employer the relevant notifiable events include:

- a decision to take action which may result in a debt to the Scheme not being paid in full;
- wrongful trading;
- breach of banking covenant;
- a change in your organisation's credit rating;
- a change in control of your organisation;
- the conviction of a director or partner of your organisation for an offence involving dishonesty.
- Cessation of the employer's business in the UK.

Trustee's Insurance

In order to provide some protection for the Trustee against inadvertent regulatory failures for which the Trustee is responsible, every participating employer is required to pay a small premium, which is currently approximately £20 every three years. You will be advised when payment is due.

Scheme Literature

Copies of the latest documents are available on our website at www.tpt.org.uk/schemes/care-db

Should you require any additional copies please telephone us direct on the details below.

The CARE Scheme
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