Plumbing Pensions

June 2024

Scheme guide

Your guide to the Plumbing and Mechanical Services (UK) Industry Pension Scheme

Introduction

Welcome to your guide to the Plumbing and Mechanical Services (UK) Industry Pension Scheme (the Scheme).

The Scheme was set up in 1975 to provide pension benefits for all employees of firms in the plumbing and mechanical services industry (the Industry) in the United Kingdom. The Rules of the Scheme are determined by the Association of Plumbing & Heating Contractors (APHC), the Scottish & Northern Ireland Plumbing Employer's Federation (SNIPEF) and Unite the Union. The Scheme is registered with HMRC and meets current legislative requirements.

The Scheme is set up under trust and governed by Rules dated 20 September 2007, as amended from time to time (the Rules), and is operated and administered by a trustee company, Plumbing Pensions (UK) Ltd (the Trustee).

Directors on the Scheme's Trustee Board are chosen from the APHC, SNIPEF and Unite the Union. There are also two independent non-voting professional Directors. The Trustee is responsible for managing the Scheme's finances and ensuring that the Scheme's money is invested solely for the benefit of Scheme members.

The Scheme provides benefits on retirement and lump sum benefits on death. For any periods of service where members built up benefits on the Basic and Higher Benefit scales, the Scheme may also provide a pension to your spouse/civil partner, children or dependants on death. All members in the Scheme should be aware of the importance of these benefits. The Scheme also increases pensions each year as set out on page 9 under 'Pension increases'.

This guide sets out the key benefits of the Scheme in a straightforward way. The full technical details of the Scheme are contained in the Rules. In the event of any differences between this guide and the Rules, the Rules will prevail. Copies of the Rules are available on request.

Each year, the Trustee sends an update to members on the financial progress of the Scheme. The Scheme's formal annual Report and Accounts are available on request or can be viewed online at **www.plumbingpensions.co.uk**

If you have any queries about your Scheme benefits, or if you would like further information, please contact the administration team using the details on the back page.

Contents

Glossary of pension terms	4
Your pension explained	6
Leaving the Scheme	7
When you retire	8
Benefits payable on your death	11
Additional information	13
Contact us	16

Glossary of pension terms

Some of the words and expressions used in this guide have special meanings and these have been set out below.

Additional voluntary contributions (AVCs) - AVCs are contributions you may have made in addition to any normal contributions to the Scheme to increase your retirement benefits. On retirement, AVC benefits can be used to provide a higher tax-free lump sum or transferred to an alternative pension arrangement.

Annual Allowance (AA) - The maximum amount you can save towards your retirement each year without incurring a tax charge. You can carry forward unused AA from the previous three tax years.

Benefit scale - The basis on which you accrued benefits under the Scheme. There are five benefit scales: the 2017 scale, the Basic scale and three Higher Benefit scales.

Closure date - The Scheme closed on 30 June 2019. Members no longer pay contributions or accrue benefits in the Scheme.

Contributions - From the closure date, no further member contributions (voluntary or otherwise) are payable to the Scheme.

Dependant - Anyone financially dependent on you at the time of your death. The decision of the Trustee as to whether a person is your dependant is final.

Earnings - Your total cash payments from your Scheme employer. It does not include your holiday pay or sickness and accident benefit under the Industry's holiday and welfare benefit schemes, or any payment under the government's statutory sick pay scheme.

If you participate in a profit-related pay scheme or a salary sacrifice arrangement (where you accept a reduction in pay in return for another benefit), your earnings are the total cash payments which your employer confirms to the Trustee in writing.

Guaranteed Minimum Pension (GMP) - This is approximately the pension you would have earned under what used to be known as the State Earnings Related Pension Scheme (SERPS) before 6 April 1997 if you had not been 'contracted out' of it. There is also a spouse/civil partner's GMP. No GMP builds up in respect of pensionable service after 5 April 1997. Unless stated otherwise, GMP is included in any pension figures given to you.

HMRC - HMRC means HM Revenue & Customs.

HMRC tax limits - From the closure date, you will no longer build up any future benefits within the Scheme. However, if you think you might be affected by HMRC tax limits (the Annual Allowance, Lump Sum Allowance and Lump Sum and Death Benefits Allowance), you should contact an independent financial adviser.

Incapacity - Physical or mental illness which stops you from continuing to work in any capacity or in any trade for which you receive profit or pay. The Trustee's decision as to whether you are suffering from incapacity is final.

Lifetime Allowance (LTA) - This was the limit on pension entitlement you could build up in your lifetime without incurring a tax charge on your retirement or death. The limit was measured against the value of your pension benefits from all your pension arrangements, not just the Scheme. This was removed from 6 April 2024.

Lump Sum Allowance (LSA) - This was introduced from 6 April 2024. The LSA applies at a relevant 'benefit crystallisation event', which is when tax-free benefits are taken. Any amount of pension commencement lump sum, or the untaxed part of an uncrystallised funds pension lump sum, is deducted from this allowance, which is currently £268,275. The remaining pension income is taxed at your marginal rate of income tax.

Lump Sum and Death Benefit Allowance (LSDBA) - This was introduced from 6 April 2024. The LSDBA applies at a relevant 'benefit crystallisation event', when you die or on the payment of a serious ill-health lump sum. The allowance is currently £1,073,100.

Normal Retirement Date (NRD) - Your 65th birthday, or any other date that the Association, the Federation and the Union agree is your NRD.

Pensionable service - Service while you were contributing to the Scheme. This includes any period where you were not required to contribute to the Scheme because your benefits exceed HMRC limits.

Service - Service means employment with an employer participating in the Scheme. All members are treated as having left service in the Scheme from the closure date.

Scheme year - A period of 12 months ending on 5 April.

State Pension - If you reach State Pension age on or after 6 April 2016, you will receive the new State Pension, which replaced the basic State Pension.

State Pension – basic (or basic State Pension) - If you reached State Pension age before 6 April 2016 and you paid enough National Insurance contributions, you will receive the basic State Pension.

State Pension age - This is the earliest age you can claim your State Pension. Your State Pension age depends on when you were born. Under current legislation, the State Pension age will continue to rise further in the future. Regardless of when you reach State Pension age, your pension from the Scheme is payable from your Normal Retirement Date.

Your pension explained

Pension credits

At the end of each Scheme year, when you were still contributing to the Scheme, you were granted pension credits equal to a certain percentage of your earnings, depending on your benefit scale. These pension credits were added to any previous pension credits allocated to you, together with any bonuses.

Bonuses are granted on pension credits from contributions before 6 April 2004 in line with the percentage increase in national average earnings for the previous Scheme year (as determined by the most recent order made under Section 148 of the Social Security Administration Act 1992).

Bonuses are granted on pension credits from contributions after 5 April 2004 in line with the Retail Prices Index for benefits built up on the Basic scale, or in line with the Consumer Prices Index for benefits built up on the 2017 scale.

The Trustee has discretion to award additional bonuses depending on the investment performance of the Scheme.

Pension Certificate

Each year before you retire, you will receive a Pension Certificate. This shows your total pension credits as at 5 April, including any bonuses awarded that year.

Pensions from a previous employer

Some members may have transferred retirement savings from a different pension plan into the Scheme to secure additional pension credits. The option to transfer other retirement savings into the Scheme is no longer available.

Leaving the Scheme

All members were treated as having left the Scheme from the closure date. The following options now apply:

Preserved pension

If you left the Scheme with at least three months' qualifying service or you left the Scheme on the closure date, your pension credits will be preserved in the Scheme and will continue to increase with bonus additions as a result of the revaluation laws.

Cash Equivalent Transfer Value (CETV) payment

You can request a CETV payment to a different pension arrangement of your choice. If you are interested in this option, you should contact the administration team to request a statement of the guaranteed CETV which would be payable. The CETV will depend on your total pension credits in the Scheme, your age at the date of transfer and investment market conditions at the time of calculation.

Requests for guaranteed CETVs can only be made once every 12 months. If you wish to go ahead with the transfer, you will be required to reply within three months of the date the CETV quotation is given. You may transfer your benefits to a different pension plan up to your 66th birthday.

You must take independent advice before transferring your benefits to another scheme if the value of your guaranteed CETV (i.e. the value of your Scheme benefits, excluding AVCs) exceeds a certain amount (£30,000 in 2024/25).

When you retire

Normal Retirement Date (NRD)

Your pension will normally start on your 65th birthday (see page 10 for other options).

Pension at NRD

When you retire, your pension credits, together with any bonuses, will be paid to you as a monthly pension.

Cash lump sum on retirement

You can choose to give up part of your pension for a retirement cash lump sum. Members with a small amount of pension credits may be able to convert them into a single cash lump sum.

Payment of pension

Your pension will be paid monthly directly to a bank or building society account of your choice. The administration team will contact you shortly before your NRD to explain your retirement options.

Pension increases

Once in payment, your pension will increase each year as follows. For pension earned...

Before 6 April 1997	Between 6 April 1997 and 5 April 2005	After 5 April 2005
No guaranteed increases *(other than your Guaranteed Minimum Pension*)*	Increases in line with the Consumer Prices Index, capped at 5% a year	Increases in line with the Consumer Prices Index, capped at 2.5% a year

Under the Scheme Rules, the Trustee has discretion to grant additional increases to both pensions currently in payment and pensions not yet in payment.

Any increases to pensions made up of additional voluntary contributions (AVCs) or special contributions (made by an employer, member or transfer from another pension scheme) will increase in line with the terms they were originally granted.

*If you were a member before 6 April 1997, you may have a GMP. This part of your pension will receive increases according to when it was earned. GMP built up before 6 April 1988 is not increased by the Scheme. GMP built up after that date increases in line with inflation subject to a limit of 3% a year.

Early retirement

You may choose to retire any time after age 55 (rising to age 57 from April 2028). If you retire before your NRD, your pension will be reduced because it is being paid early (unless you retired due to ill health or incapacity). The reduction is calculated by the Scheme actuary and allows for early payment and the likelihood that your pension will be payable over a longer period than it might have otherwise. The option to take a cash lump sum on early retirement is as described on page 8 under 'Cash lump sum on retirement'.

If you have any GMP pension, it will be paid to you from your GMP age (age 65 for men and age 60 for women). If you retire before your GMP age, you will receive a reduced pension reflecting the balance of your non-GMP pension.

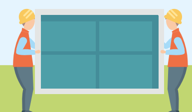
Late retirement

If you choose to retire after your NRD, any pension credits earned will be actuarially increased from your NRD to your actual retirement date. Any pension credits earned after NRD will not be increased for late payment. The option to take a cash lump sum on late retirement is as described on page 8 under 'Cash lump sum on retirement'.

Ill-health early retirement

If you are forced to retire before your NRD due to ill health or incapacity, then an immediate pension may be payable at the discretion of the Trustee. This pension will be calculated as described on page 8 under 'Pension at NRD'. If you left pensionable service before the closure date, your pension may be reduced because it is being paid early. The option to take a cash lump sum on ill-health retirement is the same as detailed under 'Cash lump sum on retirement' on page 8.

The Trustee will need evidence of continued incapacity at intervals of not more than three years until you reach your NRD. If you retire with an incapacity pension and your health improves, your pension may be reduced or suspended.



Benefits payable on your death

Death in deferment

If you die before your pension starts, a lump sum benefit will be payable equal to the total of your contributions to the Scheme together with interest.

For any period where you built up benefits on the Basic and Higher Benefit scales, a spouse's/civil partner's or dependant's pension equal to 50% of the total of your preserved pension at the time of your death will also be paid. If you die after your Normal Retirement Date (NRD), your preserved pension will be calculated as if you had retired immediately before death and had not converted any pension into a lump sum. For any period where you built up benefits on the 2017 benefit scale, no spouse's/civil partner's, children's or dependant's pensions are payable following death in deferment.

For members on the Basic and Higher Benefit scales who were in pensionable service on the closure date, a children's pension equal to 1% per annum of the lump sum death benefit of an advanced plumber (Basic scale) will be made in respect of each child (up to a maximum of four) until he or she reaches age 18.

Death after retirement

For any period where you built up benefits on the 2017 benefit scale, no spouse's/civil partner's or dependant's pensions are payable following death after retirement.

For members on the Basic and Higher Benefit scales who retired before 6 April 1999, on death after retirement, your spouse/civil partner will receive a pension equal to 50% of your pension in payment at the date of your death. If you retired after 5 April 1999, your spouse/civil partner will receive a pension of 50% of the pension you would have been entitled to at the date of your death if you had not converted any of your pension into a lump sum.

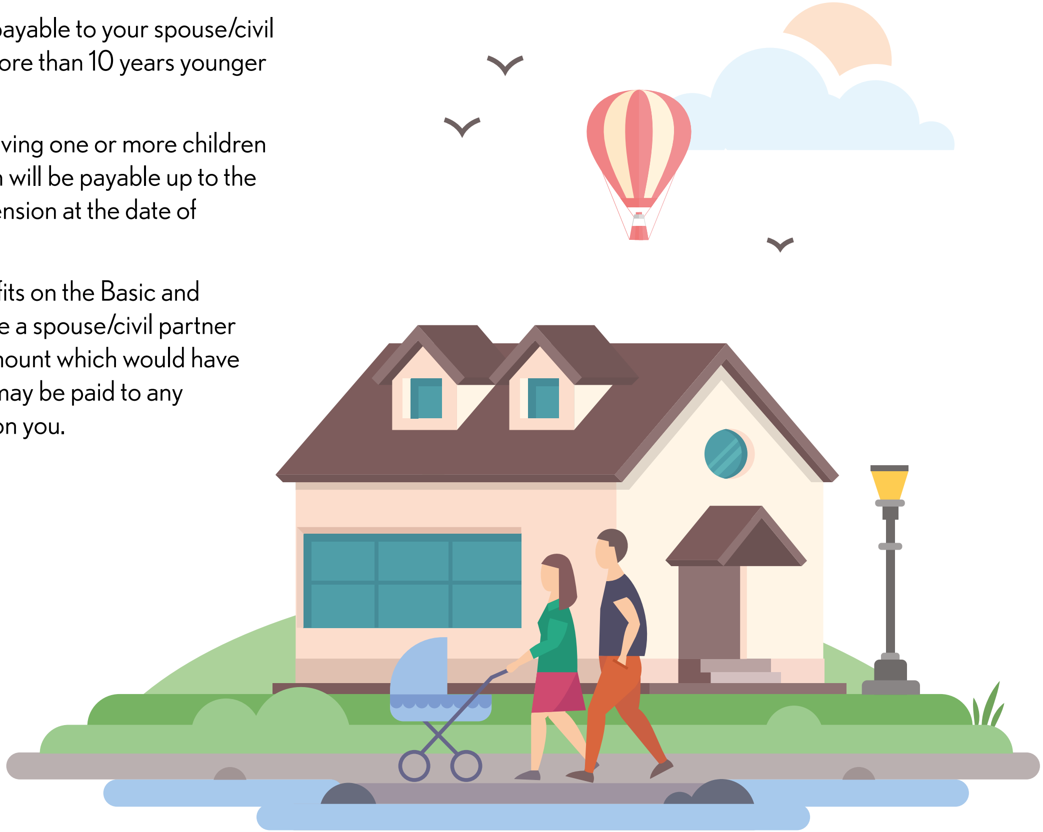
If you die within five years of your retirement, a lump sum will be payable equal to the value of the pension payments which would have been paid during the balance of the five-year period, reduced so that the payment can be made all at once instead of in instalments. This lump sum disregards any future pension increases.

Pensions for a spouse/civil partner, children and dependants

In the event of your death, a pension is payable to your spouse/civil partner. If your spouse/civil partner is more than 10 years younger than you, the pension will be reduced.

If your spouse/civil partner then dies leaving one or more children under the age of 18, a children's pension will be payable up to the amount of the spouse's/civil partner's pension at the date of their death.

For any period where you built up benefits on the Basic and Higher Benefit scales, if you do not leave a spouse/civil partner on your death a pension equal to the amount which would have been payable to a spouse/civil partner may be paid to any person who was financially dependent on you.



Additional information

Under the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013, you should be aware of the following information:

- All benefits paid as a result of membership of the Scheme are paid from a trust fund into which you and your employer paid contributions.
- All lump sum death benefits are payable at the discretion of the Trustee, which means that they will not form part of your estate for tax purposes. It is important that you inform the administration team of any changes in your personal circumstances to ensure that any benefits payable after your death can be paid to your loved ones as quickly as possible.

Resolving disputes

The Scheme has an internal procedure for resolving any disputes which may arise. This is a two-stage process.

In the first instance, you must address your complaint to the Chief Executive at Bellevue House, 22 Hopetoun Street, Edinburgh EH7 4GH, who will refer it to a sub-committee of the Trustee Board. In normal circumstances, you will receive a full response within two months. If this is not possible, you will be told why there will be a delay and provided with an estimated date for a decision.

If you are dissatisfied with this response, you will be entitled to refer the matter directly to the full Trustee Board. The Trustee will reply directly to you within three months. If this is not possible, you will be told why there will be a delay and provided with an estimated date for the Trustee's decision.

Hopefully, any dispute will be sorted out by the Chief Executive or the Trustee. However, if this is not possible, you can contact the Pensions Ombudsman (see page 14 for details).

MoneyHelper

This is the government's financial information and guidance service. Offering free, trusted help for your money and pension choices, it is available online or by telephone and includes pointers to trusted services if you need more support.

0800 138 7777

www.moneyhelper.org.uk

Pension Wise

If you also have defined contribution pension savings (for example, AVCs) and you are over age 50, you can get free and impartial guidance from Pension Wise about your retirement options. Provided by MoneyHelper, it is available online, in person or by telephone.

0800 011 3797

www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

Pensions Ombudsman

You have the right to refer a complaint to the Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes. Contact with the Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened, or if later, within three years of when you first knew about it or should have known about it. There is discretion for these time limits to be extended.

The Pensions Ombudsman
10 South Colonnade
Canary Wharf
London E14 4PU

0800 917 4487

enquiries@pension-ombudsman.org.uk

www.pensions-ombudsman.org.uk

Find a lost pension

If you have changed jobs a number of times through your working life, you may have lost contact with a previous employer and their pension scheme. You can use this free, online service to find contact details to help you track down a lost pension.

You can also request contact details from the Pension Tracing Service by telephone or post.

The Pension Service
Post Handling Site A
Wolverhampton WV98 1AF

0800 731 0193

www.gov.uk/find-pension-contact-details

The Pensions Regulator

The Scheme is regulated by the Pensions Regulator. The Pensions Regulator can intervene in the running of schemes where the Trustee, managers, employers or professional advisers have failed in their duties. The Pensions Regulator does not deal with queries about individuals' pension benefits.

The Pensions Regulator
Telecom House
125-135 Preston Road
Brighton BN1 6AF

0345 600 0707

report@tpr.gov.uk

www.thepensionsregulator.gov.uk

Pension Protection Fund (PPF)

The PPF was set up in April 2005. Its purpose is to protect the members of defined benefit schemes whose employers get into financial difficulties and leave a pension scheme without enough money to pay the pensions in full. The PPF may take over the payment of member benefits, subject to certain limits. To help provide the necessary funding, the Scheme pays a levy each year to the PPF.

Pension Protection Fund
PO Box 254
Wymondham NR18 8DN

0345 600 2541

information@ppf.co.uk

www.ppf.co.uk

Contact us

Plumbing Pensions (UK) Ltd
Bellevue House
22 Hopetoun Street
Edinburgh EH7 4GH

0131 556 9090 or 03457 656565

info@plumbingpensions.co.uk

www.plumbingpensions.co.uk