



Plumbing Pensions

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



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Introduction

Welcome to the explanatory booklet of the Plumbing and Mechanical Services (UK) Industry Pension Scheme (the "Scheme").

The Scheme was set up in 1975 with the aim of providing pension benefits for all employees of firms engaged 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 operated and administered by a trustee company, Plumbing Pensions (UK) Ltd (the "Trustee") whose directors are drawn 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 in which 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 increases pensions each year as set out on page 11 under "Pension Increases".

This booklet is intended to set out the key features 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 booklet and the Rules, the Rules will take precedence at all times. 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 the Scheme benefits, or if you would like further information, please contact the administration team using the details on page 3.

Meaning of Words Used

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

Annual allowance

The maximum amount you can save towards your retirement each year without incurring a tax charge. You can carry forward unused Annual Allowance 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 from 30 June 2019. Members will no longer pay contributions or accrue benefits after this date.

Contributions

From the Closure Date, no further member contributions (voluntary or otherwise) are payable towards the Scheme.

Dependant

Anyone who is financially dependent on you or was so dependent 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 emoluments from your Scheme employer. It does not include your holiday pay and sickness and accident benefit under the Industry Holiday and Welfare Benefit Schemes and any payment under the Government 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 emoluments which your employer certifies to the Trustee in writing.

Guaranteed Minimum Pension (GMP)

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

HMRC

HMRC means HM Revenue and 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 and Lifetime Allowance) you should contact an independent financial advisor.

Incapacity

Physical or mental illness which stops you from continuing to work in any capacity or 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

The limit on pension entitlement you can build up in your lifetime without incurring a tax charge on your retirement or death. The limit is measured against the value of your pension benefits from all your pension arrangements, not just the Scheme.

Normal Retirement Date

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

Pensionable Service

Service while you are contributing to the Scheme and includes any period during which you are 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 Basic Pension

If you reached State Pension Age before 6 April 2016 and you paid enough National Insurance Contributions, you will receive the State Basic Pension from State Pension Age.

State Pension

If you reach State Pension Age on or after 6 April 2016, you will receive the new flat rate State Pension which replaces both the State Basic Pension and the State Second 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. Between December 2018 and

November 2020, the State Pension Age for men and women will increase gradually from age 65 to age 66. Under current legislation, State Pension Age will continue to rise further in the future. Irrespective of when you reach State Pension Age, your pension from the Scheme is payable from your Normal Retirement Date.

State Second Pension (S2P)

This provides a pension to individuals retiring before 6 April 2016 and is based on an employee's earnings between the Lower Earnings Limit and Upper Accrual Point throughout his/her working life. You will not have built up any rights to the State Second Pension while you contributed to the Scheme, because the Scheme was "contracted-out" of the State Second Pension.

Your Pension

Pension Credits

At the end of each Scheme year while you were contributing, 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 6th April 2004 in line with the percentage increase in National Average Earnings for the previous Scheme Year (as determined in accordance with the most recent order made under Section 148 of the Social Security Administration Act 1992).

Bonuses are granted on Pension Credits from contributions after 5th April 2004 in line with Retail Price Inflation for benefits built up on the Basic Scale or in line with Consumer Price Inflation for benefits built up on the 2017 Scale.

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

Certificates of Pension Credits

Each year before you retire you will receive a Certificate of Pension Credits. This shows your total Pension Credits as at 5th 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 apply:

Preserved Pension

If you left the Scheme with at least 3 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 Payment

You can request a transfer payment to a different pension arrangement of your choice. If you wish to exercise this option, you should contact the administration team to request a statement of the guaranteed cash equivalent transfer value which would be

payable. The transfer value will depend upon your total Pension Credit in the Scheme, your age at the date of transfer and investment market conditions at the time of calculation.

Requests for guaranteed cash equivalents can only be made once every 12 months. If you wish to go ahead with the transfer, you will be required to reply within 3 months of the date the 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 cash equivalent transfer value (i.e. the value of your Scheme benefits, excluding AVCs) exceeds a certain amount (£30,000 in 2019/20).



When You Retire

Normal Retirement Date

Your pension will normally start on your 65th birthday.

Pension at Normal Retirement Date

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 small Pension Credits may be able to convert all of their Pension Credits 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 Normal Retirement Date to explain your retirement options.

Pension Increases

Once in payment your pension will increase as follows:

- Your pension credits in respect of service before 6 April 1997 other than your GMP (see below) receive no guaranteed increases.
- Your pension credits in respect of service between 6 April 1997 and 5 April 2005 receive increases in line with the lesser of Consumer Price Inflation and 5% each year.
- Your pension credits in respect of service after 5 April 2005 receive increases in line with the lesser of Consumer Price Inflation and 2.5% each year.
- If you were a member prior to 6 April 1997 you may have a Guaranteed Minimum Pension (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.

Under the Scheme Rules the Trustee has discretion to grant additional increases in respect of pensions not yet in payment and in respect of pensions in payment.

Increases to any pensions derived from additional voluntary contributions or special contributions by an employer or member or a transfer from another pension scheme will increase in accordance with the terms on which they were granted.

Early Retirement

You may choose to retire any time after age 55 (set to rise to age 57 from April 2028). If you retire before your Normal Retirement Date other than due to Incapacity, your pension will be reduced because it is being paid early. The early reduction factor 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 might otherwise have been expected. The calculation of a cash lump sum on early retirement is as described above for normal 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 Normal Retirement Date, your Pension Credits earned up to Normal Retirement Date will be actuarially increased from Normal Retirement Date to your actual retirement date. Any Pension Credits earned after Normal Retirement Date will not be increased for late payment. The calculation of your cash lump sum on late retirement is as described under normal retirement.

Ill-health early retirement

If you are forced to retire before Normal Retirement Date due to Incapacity, then an immediate pension may be payable at the discretion of the Trustee. This pension will be calculated as described above under Pension at Normal Retirement Date, although if you left Pensionable Service before the Closure Date, it may be reduced because it is being paid early. The calculation of the amount of cash lump sum on ill-health retirement is the same as above for normal retirement.

The Trustee will obtain evidence of continued Incapacity at intervals of not more than three years until you reach Normal Retirement Date. 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 members 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 Normal Retirement Date, such preserved pension will be calculated as if you retired immediately before death and had not converted any pension into a lump sum. For any period where members 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 4) until he or she reaches 18 years of age.

Death After Retirement

For any period where members 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 will receive a pension equal to 50% of your pension in payment at the date of your death. If you retired after 5th April 1999, your spouse or civil partner would receive a pension of 50% of the pension to which you would have been entitled at the date of your death if you had not converted any of your pension into a lump sum.

If you die within 5 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 5 year period, reduced to take account of early payment and disregarding any future pension increases.

Orphans, Young Spouses/Civil Partners and Dependants Pensions

If your spouse or civil partner who is receiving a pension under the Scheme dies leaving one or more children under 18 years of age, a children's pension will be payable up to the amount of the spouse's pension at date of death. If your spouse or civil partner is more than 10 years younger than you, the pension will be reduced.

For any period where members built up benefits on the Basic and Higher Benefit Scales, if you do not leave a spouse or civil partner on your death or if you are unmarried at date of death a pension equal to the amount which would have been payable to a spouse or 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 also 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 monies 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, and he or she will refer it to a sub-committee of the Trustee board. In normal circumstances, you will receive a full response within 2 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 3 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 Money & Pensions Service (MAPS) or the Pensions Ombudsman.

Money & Pensions Service (MAPS)

The Money & Pensions Service (MAPS) is being set up by government to combine the Pensions Advisory Service, Pension Wise and the Money Advice Service. At the time this booklet was prepared, individuals seeking money or pensions help should contact the appropriate organisation:

The Pensions Advisory Service offers free and impartial guidance on workplace and personal pensions.

11 Belgrave Road, London SW1V 1RB
0800 011 3797
www.pensionsadvisoryservice.org.uk

Pension Wise provides pension guidance for over 50s with a workplace or personal pension.

0800 138 3944
contact@pensionwise.gov.uk
www.pensionwise.gov.uk

The Money Advice Service offers money guides, tools and calculators to help you improve your finances.

0800 138 7777
enquiries@moneyadviceservice.org.uk
www.moneyadviceservice.org.uk

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 Ombudsmen 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 can be contacted at:

10 South Colonnade, Canary Wharf, London E14 4PU
0800 917 4487
enquiries@pension-ombudsman.org.uk
www.pensions-ombudsman.org.uk

The Pension Tracing Service

The Pension Tracing Service can help trace an old pension for you. 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.

The Pension Tracing Service has access to a database of over 300,000 occupational and personal pensions and can be used, free of charge, to search for a scheme. The Scheme is registered with the Pension Tracing Service.

The Pension Tracing Service can be contacted at:

The Pension Service 9, Mail Handling Site A, Wolverhampton WV98 1LU
0800 731 0193

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

The Pensions Regulator (TPR)

The Scheme is regulated by the Pensions Regulator. The Pensions Regulator is able to 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 can be contacted at:

Napier House, Trafalgar Place, Brighton, East Sussex BN1 4DW
0345 600 7060

wb@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 pensions of most 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.

The PPF can be contacted at:

Pension Protection Fund

Renaissance, 12 Dingwall Road, Croydon, Surrey CR0 2NA

0345 600 2541

information@PPF.gsi.gov.uk

www.pensionprotectionfund.org.uk



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