



Plumbing Pensions

Plumbing & Mechanical Services
(UK) Industry Pension Scheme



Higher Benefits For Key Employees

www.plumbingpensions.co.uk

- Higher scheme benefits payable can be introduced at employer's discretion.
- Contracted-Out National Insurance contributions and Tax Relief will reduce all levels of gross scheme contributions.
- Pension accrual can be increased to 1.5%, 1.75% or 2% of pensionable earnings.
- Bonus additions will be granted on all rates of contribution.
- Death-in-Service benefits will be increased proportionately.

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Introduction

This leaflet should be read in conjunction with the "Guide to the Plumbing Industry Pension Scheme".

While most members of the Plumbing Industry Pension Scheme contribute at the Basic contribution and benefits level, three Higher Benefit scales are available, at an employer's discretion, to allow key employees to accrue higher benefits in return for increased contributions. The benefits available under the Higher Benefits scales are up to double those provided under the Basic Scale.

Membership at one of the Higher Benefit scales is intended for Directors of limited companies, managers and other senior employees of a business participating in the Scheme. Manual labour, whose terms and conditions of service are governed by the Working Rule Agreements of the two Plumbing Joint Industry Boards, would not normally be enrolled in one of the Higher Benefit scales although this is possible if an employer wishes.

Contributions

The following table illustrates the gross contribution rates for the Basic and Higher Benefit scales. In all cases contributions are payable on earnings and the rates shown are a percentage of earnings. Payment of Contracted-Out National Insurance contributions and the application of tax relief has the effect of reducing the gross cost of contributing.

Scale	Employee Contribution	Employer Contribution
Basic	3.75%	7.50%
H2	5.25%	10.50%
H3	6.25%	12.50%
H4	7.25%	14.50%

Pension Accrual

At the end of each tax year members are allocated a pension credit equal to the relevant percentage of earnings in that year. The percentage level accrued is dependant upon the member's contribution and benefit scale. The following table illustrates the set pension accrual rates and for guidance, the fraction of annual earnings accrued in a scheme year is also shown.

Scale	Pension Accrual	Fraction
Basic	1.25%	1/80th
H2	1.50%	1/66th
H3	1.75%	1/57th
H4	2.00%	1/50th

Bonus Additions

All pension credits will continue to receive bonus additions as detailed in the scheme guide.

Death-in-Service

Should you die in service while contributing at a higher level this will also entitle your dependants to receive benefits due at a rate in proportion to the higher level applicable. The table below shows the increased rate of lump sum benefit payable.

Scale	Lump Sum Benefit
Basic	2 x pensionable earnings / rate of wages
H2	3 x pensionable earnings / rate of wages
H3	3.5 x pensionable earnings / rate of wages
H4	4 x pensionable earnings / rate of wages

Annuities Payable to Children

Although not directly related to the member's pension these will also be increased in proportion to the higher benefit rate.

Effect of HM Revenue & Custom Limits

Checks will be undertaken by the Scheme to ensure that an individual's benefit from the Scheme does not exceed any of the limits imposed by HM Revenue & Customs.

Individual Illustration

Employers wishing to consider using one of the Higher Benefit Scales for certain selected employees may obtain an illustration of projected benefits on request from the Benefits Manager, Plumbing Pensions (UK) Ltd, 4 Walker Street, Edinburgh, EH3 7LB or by email to info@plumbingpensions.co.uk.