

Financial Assistance Scheme – FAS P4 – For Initial Payments

Important – Please read these guidance notes in conjunction with the form S1 as they will tell you what you need to know to help you complete it.

Why we have sent you form S1

You have been sent this form because you are the listed contact for a scheme that has qualified for the Financial Assistance Scheme (FAS). We understand that the scheme has not yet completed wind-up.

Where a scheme is still winding up and unable to provide us with final information on scheme settlements, we have the discretion to make initial payments to eligible qualifying members, generally at an initial rate based on 80%¹ of their 'expected core pensions' (subject to FAS rules). Initial payments can also be made to eligible survivors of qualifying members.

Initial payments can only be made at the request of trustees. The information required to support requests for initial payments should be provided on the S1 form. On the basis of this information we will make a determination of member or survivor eligibility and, where appropriate, assess the amount of assistance payable.

Who you should tell us about

At this stage you should **only** provide information on those members or survivors for whom you would like to request initial payments.

Requests for initial payments should only be made on behalf of those people who are likely to be eligible for final FAS payments ('annual payments') after scheme benefits have been settled. When 'annual payments' are determined we will take account of any initial payments that have already been paid. And those initial payments may be recoverable if we find that the member or survivor is not in fact entitled to annual payments. Further information on FAS eligibility rules can be obtained from the FAS Operational Unit or from the FAS website at www.dwp.gov.uk/fas.

Once the S1 information is received, we will make a decision on individual eligibility and, where appropriate, calculate the amount of 'initial payment' they will receive. Once eligibility has been assessed and payments determined, we will deal directly with individual members or survivors. However, until a

¹ Initial payments are paid at the rate of 80% as from 26th July 2007 and there are no minimum limits (deminimis) for payment.

decision has been made, trustees and administrators should keep them informed of any dealings with us and advise them that personal data is being passed to us to enable assessments to be carried out. Leaflet FAS P1 may also be useful for members or survivors as it includes frequently asked questions to help people assess whether they might be eligible for FAS assistance. Copies are available from the FAS Operational Unit or from the FAS website at www.dwp.gov.uk/fas.

You should not provide information on any member or survivor whose benefits are money purchase only, as FAS payments cannot be made in respect of such benefits. If the scheme offers some or all of its member's hybrid benefits, you should provide data that does not include any money purchase benefits. In cases of doubt please provide sufficient data and documentation to enable us to determine members' defined benefit entitlements. Copies of any legal correspondence relating to the treatment of such members' entitlements should also be provided where you think them relevant.

When to return this information

Please complete the relevant sections of form S1 and return the information as soon as possible. As well as the information provided on form S1 we may also require some information on the funding position of the scheme and the approach that you are taking to the payment of interim pensions. The FAS operational unit will contact you to obtain this information if this is required.

The questions on the S1 form

Please answer all the questions that apply to each individual. These guidance notes contain further details to explain what information is needed for each question and for whom.

If you want help filling in this form

If you want help filling in any part or all of this form you should contact your Customer Account Manager at the Financial Assistance Scheme Operational Unit:

Financial Assistance Scheme (FAS)
PO Box 702
York
YO32 9XR

Telephone: 0845 601 9941
Textphone: 0845 601 9942
Website: www.dwp.gov.uk/fas

Opening hours: 9.00am – 5.30pm Monday to Friday

Please note that calls to the FAS may be recorded for staff training purposes and to ensure consistent service levels.

Unfortunately we are not able to assist with any costs incurred in supplying this data.

Providing the required information

At this stage you should **only** provide information on those members or survivors for whom you would like to request an initial payment. However, ultimately we will require information on all potential beneficiaries.

The Financial Assistance Scheme (Provision of Information and Administration of Payments) Regulations 2005 set out the information to be provided by 'appropriate persons'. These include scheme trustees or managers or former trustees or managers, professional advisers or former professional advisers, members or former members of the scheme (or appointed representatives), surviving spouses or civil partners of members or former members of the scheme who have died, and insurance companies that are paying annuities to former members of the scheme.

'Appropriate persons' are duty bound to act in the best interests of all scheme members and beneficiaries. If some scheme members and beneficiaries are likely to qualify for FAS payments, then the necessary information should be provided to determine individual eligibility.

If the requested information is not provided the scheme manager may issue a notice to the person holding the information requiring it to be provided. Any person who fails to comply with such a notice, may be guilty of an offence and liable to a fine. Further, if a person suppresses, conceals or destroys any document that they are, or are liable to be, required to produce under that notice, that person may be guilty of an offence, and liable to a fine, imprisonment or both.

Where there is a failure to provide information such cases may also be referred to the Pensions Regulator who may consider using their powers which include but are not limited to the issuing of an improvement notice. Failure to comply with an improvement notice carries a possible sanction of £5,000 in the case of an individual and £50,000 in any other case. The regulator also has the power to prohibit trustees, remove trustees from the Trustee Register and make public details of certain cases.

If you have any problems providing the required information please contact the operational unit.

Further details of the information that we will need on all potential beneficiaries can be obtained from the FAS Operational Unit or from the FAS website at www.dwp.gov.uk/fas.

How we collect and use information

It is important that you let all members and beneficiaries know that personal data about them is being sent to us to enable us to make a decision on their eligibility for the FAS. We explain below how we collect and use this information and you may find it useful in communications with your members.

The information we collect about members and beneficiaries and how we use it depends mainly on the reason for their business with us. But we may use it for any of the Department's purposes, which include:

- social security benefits and allowances
- child support
- employment and training
- private pensions policy, and
- retirement planning

We may get information from others to check the information you give to us and to improve our services. We may give information to other organisations, as the law allows, for example to safeguard against crime.

To find out more about how we use information, visit our website www.dwp.gov.uk/privacy.asp or contact any of our offices.

Guidance for completing form S1 in relation to ‘initial payments’

This guidance explains each of the S1 questions in detail. If, however, you require further assistance, please contact the FAS Operational Unit who will be happy to help you.

The form displays options for completion in a drop-down menu. Please note that the fields on the form do not run in alphabetical sequence and that **questions AJ, AK, AL and AR should not be completed for initial payments.**

Otherwise, all questions should be completed for all members and survivors (together termed ‘beneficiaries’) unless otherwise indicated. Please also note the following:

Categorisation of beneficiaries - The categorisation of beneficiaries that applies in question Q applies throughout the form. At question AC, for example, information is requested on the unreduced annual amount of pension for pensioner members. ‘Pensioner members’ here and elsewhere in this guidance refers only to those beneficiaries who were entitled to present payment of a pension under the scheme rules and in accordance with the priority order on or before the crystallisation date².

Surviving spouses or civil partners (‘survivors’) - Requests for initial payments can be made on behalf of surviving spouses or civil partners of qualifying members who have died since the start of scheme wind-up. In all such cases we need you to complete a line on the S1 on the member in order to assess the eligibility of the survivor and the initial payment that may be payable to them. We also need you to complete a separate line in relation to the survivor. But once you have completed a line on form S1 in relation to the member, we only require a limited set of information in relation to the survivor. We have indicated below where information is not required in relation to a survivor for whom a member record has been or is being provided.

Members who have taken provisional (partial) transfers – We can make initial payments to members who have taken partial transfers (ie. transfers that may be topped up at the end of wind-up). In such cases we will convert the amount of transfer into a ‘notional pension’ by applying actuarial factors as at the date the transfer was paid. The notional pension will then be topped up to the appropriate proportion of the member’s ‘expected core pension’. In such cases, you should provide the partial transfer amount at question AM and the date at which the transfer was paid at AN. We will treat that date as the ‘certification date’ in relation to the initial payments request. Please also state in the notes field at AP that data is being provided in relation to a provisional transfer.

² “the crystallisation date” has the same meaning as in paragraphs (6) and (7) of regulation 4 of the Occupational Pension Schemes (Winding Up) Regulations 1996, as those paragraphs were in force on 5th April 2005. We understand that the status of a member for the purposes of calculating the liabilities of a scheme is fixed at the crystallisation date. In some cases this crystallisation date will be the same as the wind-up date, in others the crystallisation date will precede the date of wind-up.

Members who have taken full and final transfers during wind-up – We can make final ('annual') payments to any members whose benefits have been fully discharged during wind-up. Please refer to the S1 guidance in relation to annual payments for further information on the data that should be provided in such cases. The annual payments guidance is available in the information products section of the FAS website.

Guidance for completing fields

<u>Questions</u>	<u>What needs to be provided</u>
Questions A-M	<p><i>Personal details</i></p> <p>Please complete for all beneficiaries.</p> <p>For question F, 'domicile indicator', please enter 'GB' for Great Britain, 'NI' for Northern Ireland and 'A' for outside the UK.</p>
Question N	<p><i>Gender</i></p> <p>Please enter 'M' for male; 'F' for female.</p>
Question O	<p><i>Date of death (where applicable)</i></p> <p>Please complete for all beneficiaries who have died <u>after</u> the start of pension scheme wind-up.</p>
Question P	<p><i>Marital/Civil partnership status</i></p> <p>Please complete for all beneficiaries.</p> <p>Please enter 'M' for married; 'C' for civil partnership; 'N' for neither or 'NK' for not known.</p>
Question Q	<p><i>Status of beneficiary on the crystallisation date</i></p> <p>Please complete the status for all beneficiaries.</p> <p>Please enter 'P' for pensioner; 'W' for deferred member; 'IM' for 'inherited member' or 'S' for survivor.</p> <p>Beneficiaries should be categorised as follows:</p> <ul style="list-style-type: none"> ▪ 'Pensioner member' including any member at the start of wind-up - including any pension credit benefit member - who was entitled to present payment of a pension under the scheme rules and in accordance with the priority order on the crystallisation date;

- ‘Deferred member’ including any member at the start of wind-up who has accrued rights under the scheme and who was not entitled to present payment of a pension under the scheme rules and in accordance with the priority order **on the crystallisation date**: this should include any pension credit member and any member who was in active service on the crystallisation date;
- ‘Inherited member’ including any person who was entitled to present payment of a pension under the scheme rules immediately before wind-up that was attributable to the pensionable service of a member of the scheme who died before the start of wind-up; and
- ‘Survivor’ including any widow, widower or surviving civil partner of a member of the scheme who died after the start of wind-up.

Question R *Pension credit member*³

Please leave blank if member is not a pension credit member.

Please complete ‘A’ – if pension credit membership started on or after the start of wind-up;

Please complete ‘B’ – if pension credit membership started before the start of wind-up;

Questions S-W *Details of member from whom pension rights or FAS entitlement are derived*

Please complete for all survivors, ‘inherited members’, and pension credit members. However, if you are providing information in relation to a survivor of a member who has died since the start of wind-up, and if you have completed a line on the S1 in relation to that member, then you only need complete question V in this section (we require the member’s National Insurance number in order to link the records of the survivor and member).

Question X *Normal retirement age*

Please complete for all beneficiaries. For ‘inherited members’, survivors and pension credit members, please enter the ‘normal retirement age’ of the original member.

³ Throughout this guidance, unless otherwise indicated, ‘pension credit members’ refers to all those members whose rights derive from a pension sharing order (i.e to ‘pension credit members’ and to ‘pension credit benefit members’).

Please provide the age specified in the scheme rules as the age at which the member will normally retire.⁴

No account should be taken of changes to individuals' retirement ages (for example, those resulting from equalisation following the Barber ECJ judgement) unless these have been specified in the rules of the scheme.

Please note that if the age specified in scheme rules has been amended since the start of scheme wind-up then certified evidence of this change must be provided with the completed S1 form.

If the normal retirement age for any beneficiary or 'original member' is over 65, please put 65.

Question Y *Date at which member started or will start to receive pension*

Please complete for all beneficiaries.

Question Z *Initial payment applicant*

Please complete for all beneficiaries.

Please complete 'Y' if you are making a request for an initial payment on behalf of the beneficiary; enter 'N' if not (for example, if you are providing data on a member only to support the initial payment request you are making on behalf of their survivor)

Question AA *Scheme annual interim pension amount*

Please provide the annual amount of interim pension in payment to the beneficiary on the certification date that you provide at question AB.

In certain circumstances we have the power to deem that an interim pension is in payment where, for administrative reasons, no interim pension is actually in payment. We do this in the main to avoid making significant overpayments of FAS (otherwise if such members receive significant scheme pensions at the end of wind-up their FAS entitlement determined at that point may be less than the initial payments that would have been paid during wind-up). Please contact the FAS Operational Unit to discuss any cases in which it may be appropriate for an interim

⁴ HMRC guidance states that it is a condition of tax approval that the rules of a scheme should specify a single age for each member at which that member will normally retire.

pension to be deemed. The FAS Operational Unit will advise what information should be provided in such cases.

Where no interim pension is, was or will be paid please put 0.

The amount provided should not include any money purchase benefits, or benefits derived from the payment of voluntary contributions where on the winding up of the scheme the assets of the scheme will first be applied to satisfy liabilities in respect of those benefits. The amount provided should not include any pension that has been commuted where the amount of the commutation has been provided at question AM.

Question AB

The certification date for initial payment requests

Please provide the date as at which the interim pension amount that you have provided at AA is correct.

To calculate a FAS initial payment we need to compare what a beneficiary was broadly expecting to receive had the scheme not started to wind up (the 'expected core pension') with what he or she is receiving, or will receive, from the scheme (the 'interim pension'). As pension rights and benefits can increase over time (by application of revaluation or indexation) it is important that the 'interim pension' and the 'expected core pension' correspond as far as possible to the same date.

The date as at which an 'expected pension' and interim pension will be compared is the 'certification date', and we need you to provide a certification date for each potential beneficiary. The certification date that you provide depends on the information you hold on the interim pension. **You have discretion over the certification date that you provide as long as the interim pension is correct as at that date.**

Question AC

Unreduced annual amount of pension that would have been in payment at the certification date (to be completed only in relation to those beneficiaries entitled to present payment of a pension on or before the crystallisation date)

Please complete for all pensioner members, 'inherited members' and pension credit benefit members.

The unreduced annual amount of pension means the amount of pension that would have been in payment at the certification date had the scheme been able to meet its benefits in full. Any indexation that would have applied up to the certification date should be included; any indexation after that date should be excluded. The amount should be pre-commutation.

Please note that you do not need to calculate the unreduced annual amount for deferred members even if those deferred members have reached retirement age during wind-up. We will calculate the 'expected pension' for, and in respect of, people who were non-pensioners on the crystallisation date based on the information that you provide on their rights accrued up to the date they left active service.

For any pensioner member who retired before their 'normal retirement age', the amount should reflect any reduction that would have been made to account for their early retirement.

The amount provided should not include any money purchase benefits, or benefits derived from the payment of voluntary contributions where, on the winding up of the scheme, the assets of the scheme will first be applied to satisfy liabilities in respect of those benefits.

Questions AD to AO Note: If you are providing information in relation to a survivor of a member who has died since the start of wind-up and you have completed a line on the S1 in relation to that member then you do not need to complete questions AD to AO (inc) for the survivor.

Question AD *Date of starting active service*

Please complete for pensioner and deferred members only. This question relates to the start date of pensionable service within the qualifying pension scheme.

Where there have been multiple periods of service please supply the start date of the first period of service.

Question AE *Date of leaving active service*

Please complete for pensioner and for deferred members only. This question relates to the end date of pensionable service within the qualifying pension scheme.

It is essential that you provide this information for and in respect of deferred members. If you are providing information in relation to a survivor of a member who has died since the start of wind-up and if you have completed an entry in relation to that member then you do not need to complete this question for the survivor.

Where there have been multiple periods of service please supply the end date of the last period of service.

Question AF *Annual amount of accrued GMP⁵ (as at date of leaving contracted-out service)*

Please complete for deferred members only.

If the member reached State Pension Age before they left contracted-out service please include any deferment enhancement up to the date that they left service.

Question AG *GMP revaluation method*

Please complete for deferred members only.

This refers to the method of GMP revaluation used by the scheme that applies to this member. This should be one of

1. section 148 orders;
2. limited rate revaluation;
3. fixed rate revaluation.

Question AH *Annual amount of accrued pension in excess of GMP, which is subject to revaluation within scheme rules (as at date of leaving active service)*

Please complete for deferred members only.

If the amount of the member's excess rights above GMP is 0, please put 0.

The amount provided should not include any money purchase benefits, or benefits derived from the payment of voluntary contributions where, on the winding up of the scheme, the assets of the scheme will first be applied to satisfy liabilities in respect of those benefits. The amount provided should also include benefits relating to pre 1 January 1985 service for leavers before 31 December

⁵ "Guaranteed minimum pension" has the meaning give in section 8 (2) of the Pension Schemes Act 1993.

1990 where such benefits fall to be revalued under the scheme rules.

Please note the amount provided must also include the member's Post 97 contracted out rights accrued to the end of active pensionable service, where relevant. You may know these as 'Section 9(2B)' rights.

Question AI

Annual amount of accrued flat-rate pension, which is not subject to revaluation within scheme rules (as at date of leaving active service)

Please complete for or in respect of deferred members only.

If the amount of the member's flat-rate pension is 0, please put 0.

The amount should include any flat-rate pension elements not subject to revaluation within scheme rules, these might include flat-rate credits provided in return for transfers-in, or, depending on your scheme rules, pre 1 January 1985 service for leavers before 31 December 1990.

The amount provided should not include any money purchase benefits, or benefits derived from the payment of voluntary contributions where, on the winding up of the scheme, the assets of the scheme will first be applied to satisfy liabilities in respect of those benefits.

Question AM

Lump sum taken at retirement (or provisional transfer amount)

Please complete for all beneficiaries (where applicable).

If no lump sum was taken at retirement and data is not being provided in relation to a provisional transfer case please put 0.

The amount provided should exclude any amount taken in relation to money purchase benefits, or derived from the payment of voluntary contributions where on the winding up of the scheme the assets of the scheme will first be applied to satisfy liabilities in respect of those benefits.

Question AN *Date at which lump sum taken (or date at which provisional transfer is correct)*

Please complete for all beneficiaries where an amount above 0 has been provided at question AM.

Question AO *Bridging or step up pension*

Please complete for all beneficiaries.

Please complete 'Y' if the member is receiving or will receive a bridging pension (where an additional pension is paid between normal retirement age and state pension age which is replaced by the state pension at that age), or a step up pension (where a member retires before GMP payment age and where the pension they are receiving increases at that age); please complete 'N' if not.

Question AP *Expected and actual pension notes*

Please use this box to tell us anything else that you think we need to know relating to the beneficiary's accrued pension rights or interim pension. Please let us know if data is being provided in relation to a provisional transfer case or where a refund of contributions has been made.