



**BCSSS**

**British Coal**

Staff Superannuation Scheme

# Member factsheet - The levelling option

This factsheet is for you if you took the levelling option when your BCSSS pension went into payment.

### What is the levelling option?

If you took your Scheme benefits before April 2009 you will have had the option to take the levelling option. The option is no longer available. It was removed for members retiring after April 2009 following changes in the law to State Pension Ages (SPA). SPA used to be age 60 for women and age 65 for men. It increased to age 65 for women in 2018. It will then increase for both men and women to age 66 by 2020, to age 67 by 2028 and to age 68 between 2037 and 2039 (although this may be reviewed in future).

The levelling option aims to help even out your retirement income by paying you more cash from BCSSS until you reach SPA and then reducing your BCSSS pension until you reach age 80. Once you take the levelling option you can't change your mind.

### How does it work?

If you took the option, you will receive a fixed extra payment on top of your BCSSS pension until you reach SPA (known as the **levelling option addition**). Once you reach SPA, the extra payment stops, and a fixed amount is taken off your BCSSS pension until age 80 (the **levelling option deduction**).

The yearly amounts of addition and deduction are worked out based on the single person's basic State pension rate from the year your BCSSS pension started. When added together the addition and deduction are the same as the basic State pension.

### How are the addition and deduction calculated?

The amount paid as an addition increases on a sliding scale depending on your age when your BCSSS pension started, with the amount of the deduction equally decreasing. So, the addition will be bigger, and the deduction smaller, for someone who took their BCSSS pension at age 60, than someone taking it at age 50. There are different scale rates for men and women.

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The table below gives an example of how the option works for two men taking the option at age 50 and age 60. Please note that this is an example only and uses the rate of basic State pension for 2008. The Scheme's administration office will have told you in a personal letter of the rates that applied to you.

	<b>BCSSS pension started at 50 in April 2008 £ per year</b>	<b>BCSSS pension started at 60 in April 2008 £ per year</b>
Single person basic State pension 2008	4,716.40	4,716.40
Levelling option proportion of basic State pension <ul style="list-style-type: none"> <li>• addition</li> <li>• deduction</li> </ul>	28.5% 71.5%	61.9% 38.1%
Addition paid for	15 years	5 years
<b>Income before SPA</b>		
Scheme pension	5,000.00	5,000.00
Levelling option addition	1,344.17	2,919.45
<b>Total</b>	<b>6,344.17</b>	<b>7,919.45</b>
<b>Income after SPA until age 80</b>		
Scheme pension	5,000.00	5,000.00
Less levelling option deduction	(3,372.23)	(1,796.95)
Plus single person basic State pension	4,716.40	4,716.40
<b>Total</b>	<b>6,344.17</b>	<b>7,919.45</b>
<b>Income from age 80 (when deduction stops)</b>		
Scheme pension	5,000.00	5,000.00
Plus single person basic State pension	4,716.40	4,716.40
<b>Total</b>	<b>9,716.40</b>	<b>9,716.40</b>

No pension increases have been included in this example, but in practice both the Scheme pension and basic State pension would have increased each year between retirement and SPA.

## **FAQs**

**Q:** Do the amounts of the levelling option addition and deduction increase?

**A:** No, the the addition and deduction amounts are fixed at the date pension starts - they do not increase.

**Q:** Does the levelling option affect the annual Retail Prices Index (RPI) increases on my BCSSS pension?

**A:** No, the levelling option is ignored when working out the yearly RPI increases paid by the BCSSS, so you'll receive the same amount of RPI increase on your Guaranteed pension, excluding the addition and deduction, as those members who didn't take the option.

**Q:** Will my spouse receive a higher / lower pension because I took the levelling option?

**A:** Taking the levelling option does not change the amount of any benefits paid by the Scheme to your dependants if you die – so neither the addition nor the deduction transfers to your spouse (or any other dependant) on your death.

**Q:** Are the levelling option terms fair?

**A:** The amounts of addition and deduction are calculated by the Scheme's Actuary with the aim that the Scheme should not make either a gain or a loss through the levelling option. The cost of getting back the additional payments made to members who die before or shortly after SPA is also taken into account when the rates for the deduction are set. The cost is met by those who take the option and enjoy longer life.

**Q:** Why am I paying back more money than I received?

**A:** The deduction may appear expensive, but it reflects the cost to the Scheme of making the additional payments. This includes the cost of bringing forward pension payments and any investment returns lost due to that.

## **How to get in touch with the BCSSS**

For more information please see the Scheme's website: **[www.bcsss-pension.org.uk](http://www.bcsss-pension.org.uk)**

Alternatively, you can contact the BCSSS administration office:

**Telephone:** 0333 222 0074

**Email:** [BCSSS@capita.co.uk](mailto:BCSSS@capita.co.uk)

**Address:**

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Please remember to quote your National Insurance / Scheme membership number.