Employer Impacts
Your responsibilities –
Added Years & Added Pension
Contents

Purpose Pg 3
Key points Pg 3
Existing part 1 Added Years contracts and Added Pension options Pg 4
The 2015 pension scheme Added Pension arrangements Pg 5
Interface - data Pg 7
Purpose

You have a number of responsibilities related to the introduction of the 2015 pension scheme. This document explains the impact of the introduction of the 2015 pension scheme on Added Years and Added Pension options.

When reading this document, the term ‘part 1 pension scheme’ means all sections of the Principal Civil Service Pension Scheme (PCSPS); classic, classic plus, premium and nuvos.

Key points

1. Existing part 1 Added Years contracts and Added Pension options.
2. 2015 pension scheme Added Pension arrangements.
3. Interface - data.

This document describes each of these points in more detail.
1 Existing part 1 Added Years contracts and Added Pension options

What you need to know

A part 1 pension scheme member who is buying Added Years and / or Added Pension by periodical contributions at the point of moving into the 2015 pension scheme will be able to continue to do so until:

- The Added Years contract is cancelled or the contract end date is reached.
- The Added Pension option is cancelled or the option end date is reached.
- The member leaves the 2015 pension scheme.

Any part 1 Added Pension and / or Added Years bought by a member will be included in the calculation of part 1 pension scheme benefits when the member retires or leaves the 2015 pension scheme.

After the member with an existing part 1 Added Years contract and / or existing part 1 Added Pension option has been enrolled into the 2015 pension scheme:

- The member must continue to pay the appropriate contributions for their part 1 Added Years contract and / or Added Pension option.
- The member will continue to have the choice to cancel their part 1 Added Years contract and / or part 1 Added Pension option but will be unable to restart it.
- The member’s part 1 Added Years contract contributions must continue to be recalculated as a result of a change to the member’s working pattern.
- The member’s part 1 Added Pension contributions will continue to be recalculated whenever a pricing factor change occurs.

What you need to do

From 1 April 2015, you should continue to deal with existing part 1 Added Years contracts and Added Pension options in the same way as you were before the 2015 pension scheme was implemented.
2 The 2015 pension scheme Added Pension arrangements

What you need to know

2015 pension scheme members will be able to buy Added Pension in the 2015 pension scheme in addition to any part 1 Added Years or part 1 Added Pension they may have previously bought or may currently be buying. As in the part 1 pension scheme, 2015 pension scheme members will be able to buy 2015 Added Pension by periodical contributions or by a lump sum payment. The cost of buying 2015 Added Pension will be communicated at a later date.

There will be a maximum permitted amount of 2015 Added Pension which a 2015 pension scheme member can buy. This limit will be communicated at a later date. This will not be impacted by any part 1 Added Pension they may have previously bought or may currently be buying. However, any Effective Pension Age (EPA\(^1\)) option will affect the amount of 2015 Added Pension which a 2015 pension scheme member can purchase.

Pension benefits derived from 2015 Added Pension options will be payable when the member retires from the 2015 pension scheme. The pension benefits will be reduced to take account of early payment if the member retires before their 2015 pension scheme Normal Pension Age (NPA), which will be the later of age 65 or the member’s State Pension Age (SPA).

There is no provision for 2015 pension scheme members to take out a new Added Years contract.

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1 More information on EPA can be found in the ‘Your Responsibilities - Effective Pension Age (EPA)’ document.
After the member has been enrolled in the 2015 pension scheme:
- They can choose to buy 2015 Added Pension by periodical contributions or by a lump sum payment, even if they have previously bought part 1 Added Pension or has an existing part 1 Added Pension option.
- As in the part 1 pension scheme, 2015 Added Pension contributions can be expressed as a percentage of earnings or as a fixed monthly amount where the 2015 Added Pension is being bought by periodical contributions.
- As in the part 1 pension scheme, 2015 Added Pension contributions should be expressed as a lump sum amount where the 2015 Added Pension is being bought by lump sum.
- Added Pension options paid for by periodical contributions can only commence from 1 April each year.

The purchase, setup and maintenance of 2015 Added Pension options will follow the existing part 1 Added Pension process. You must ensure that payroll deducts 2015 Added Pension contributions from the member’s monthly pay at the advised 2015 Added Pension contribution rate and that these contributions are recorded separately to any part 1 Added Pension contributions.
3 Interface - data

What you need to do

You will need to supply MyCSP with the following data for the 2015 pension scheme:

2015 Added Pension amount
• Where Added Pension is bought by periodical contributions for the member and dependant.
• Where Added Pension is bought by periodical contributions for the member only.

2015 Added Pension lump sum contribution amount
• Where Added Pension is bought by a one off lump sum payment for the member and dependant.
• Where Added Pension is bought by a one off lump sum payment for the member only.

Members will still be able to issue cheques directly to MyCSP. This does not need to be captured on the payroll interface.

What we will do

MyCSP will carry out data validation checks to ensure that:
• 2015 Added Pension contribution amounts are only supplied for members of the 2015 pension scheme.

If this validation check fails, MyCSP will advise you of this through the appropriate reporting process.