



Employer Pensions Notice

EPN 166

Recruitment actions for new entrants from 1 July 2007 – temporary arrangements

Audience This Notice will be of particular interest to:

- HR Managers and policy teams
- All staff dealing with recruitment

Action Make sure that all staff dealing with recruitment are aware of the temporary arrangements for dealing with staff joining, or re-joining, on or after 1 July 2007

Use the wording in Annex A of this EPN in your letters of appointment for new entrants starting employment on or after 1 July 2007

Note that there will be a change in eligibility for the new scheme. (Technical note: please be aware that “new scheme” is shorthand for “new section of the PCSPS”. From July, the PCSPS will have three sections: 1972 (**classic**), 2002 (**premium** and **classic plus**) and 2007 (new scheme)). We will tell you about this shortly. In the meantime:

continue to issue the existing new entrant pensions questionnaire - see the Employers' Pension Guide (EPG), Annex 4A - **to all new entrants starting before 1 July 2007**. (This questionnaire helps you to identify which of the existing schemes the new entrant is eligible to join and helps you to decide which Starter Pack to order.)

start to issue the new entrant pensions questionnaire (Rev 2007) – see the attached template at the end of this EPN – **to all new entrants starting on or after 1 July 2007**. Retain completed questionnaires until we provide you with further instructions. Do not order Starter Packs for these new entrants. However, you must continue to carry out the CSP13 (estimate) procedure.

Timing Immediate



1. As advised in EPN 158, new entrants starting on or after 1 July 2007 will be able to choose to join either the new pension scheme (name and final details yet to be announced) or open a **partnership** pension account.
2. You cannot use the existing pensions' letter of appointment texts (EPG, Annex 4B refers) for these new entrants as they do not give the correct information. For the same reason, you cannot order the current Starter Packs for these staff. (EPN 162 refers.)
3. EPN 158 advised that the details of the new scheme will be finalised in negotiation with the Council of Civil Service Unions (CCSU). CSPD plans to complete this process by Easter.
4. The purpose of this EPN is to give you temporary guidance on how to handle the pensions aspects of recruitment and what to put in your letters of appointment. As matters progress, we will give you detailed guidance.

Temporary process

5. **For new entrants joining your organisation before 1 July 2007**, you must continue to use the questionnaire in EPG, Annex 4A. This questionnaire helps you identify the pension choices people have and whether or not they have previously worked for a CSP employer. This is important as they may have an underlying eligibility to rejoin the scheme they were in in their previous employment. You should issue the questionnaire either before or at the time you offer the post, with an instruction to the person to return it to you within 7 days of it being sent. On return of the questionnaire, you must follow the procedure in Section 4 of the EPG.
6. **For new entrants starting on or after 1 July 2007**, use the pensions questionnaire (Rev 2007) - see the attached template at the end of this EPN. Issue the questionnaire either before or at the time you offer the post, with an instruction to the person to return it to you within 7 days of it being sent. Check the questionnaire for completeness and consider whether abatement may be applicable – see paragraph 7 below. Retain completed questionnaires until you receive further instruction from us on how to action them.
7. As now, if a new entrant starting work on or after 1 July 2007 has stated that they are a rejoiner and are receiving
 - their pension (this includes people who may have only received a lump sum prior to re-employment) or
 - an annual compensation payment (ACP) or
 - a CES package that included a reserved rights 'top-up' payment

you must tell them of the effect abatement will have on their pension, even though you will not be able to tell them, at this stage, what pension choices they have. You must complete the CSP13 (Estimate) procedure. As with existing arrangements, this is so that you can tell the rejoiner whether or not their pension will be abated should they

choose to accept the job offer. (This is why it is important to give them the questionnaire to complete at the earliest opportunity. Section 4.3 of the EPG explains about abatement and the process to follow. The CSP13 (Estimate) form is available on the employer section of our website under 'Forms'.)

8. **You will not, at this stage, be able to order Starter Packs for either rejoiners or first time joiners who are starting on or after 1 July 2007.**

Letter of appointment text for new entrants starting on or after 1 July 2007

9. Annex A of this EPN gives you a temporary form of words to use in your letters of appointment for staff starting on or after 1 July 2007. We will issue final texts as soon as we have finalised our guidance. The text in Annex A gives general information on Civil Service pensions.
10. If you should find yourself in a situation where the employee will not accept the post until they know exactly what pensions options they have, please contact Employer Helpdesk, giving details of the person – for example, whether or not they are receiving a Civil Service pension – and the date you wish to employ them.

Who will the new scheme be open to?

11. Although we cannot give you detailed guidance here, we can tell you that the new scheme will be open to all employees, with the following exceptions:
 - people engaged locally overseas
 - inward secondees from a non-CSP employer
 - people who belong to another registered pension scheme in respect of this employment, to which you (as employer) contribute
 - people whose terms of employment exclude them from membership of the scheme, and
 - for Civil Service employers, anyone whose appointment does not comply with the Civil Service Commissioners' Recruitment Code. See www.civilservicecommissioners.gov.uk/publications_and_forms/recruitment_code.aspx
12. By 'employees' we mean people engaged on a contract of service. This will include some, but not all, people on a casual and/or fee-paid contract. In borderline cases, you should obtain your own legal advice to determine whether or not an individual is an 'employee'.
13. Where someone is NOT an employee, for the avoidance of doubt you should specify in their contract that they are not covered by the pension arrangements. They will not be eligible to join either the new scheme or **partnership**.

Please note: the fact that someone is treated as an employee for tax and national insurance does not necessarily mean that they are employed on a contract of service.

Reference This document refers to EPN 158, 162

Contacts Enquiries about content, distribution or to receive this document in a different format

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You can find copies of the EPG, all current EPNs and forms on our website
www.civilservice-pensions.gov.uk in the Guidance for Employers section.

Letter of appointment text (temporary form of words to use in your letters of appointment for staff starting on or after 1 July 2007)

Pensions

When you start your new job, you are eligible to join the Civil Service pension arrangements. We offer all new employees the choice of either:

- a high quality, index-linked defined benefit pension scheme that currently has a 3.5% member contribution rate. We also make contributions and meet the bulk of the cost of this scheme; or
- a stakeholder pension with a contribution from ourselves. Our basic contribution is based on your age, and we pay this regardless of whether you choose to contribute anything. You do not have to contribute if you do not wish to but, if you do, we will also match your contributions up to an additional 3% of pay.

If you previously worked for an employer who participated in the Civil Service Pension scheme, different conditions may apply. If you have a Civil Service pension in payment, you should be aware that the pension scheme rules prevent members from receiving more by way of Civil Service pay and pension combined on re-employment than they were earning as salary before they retired. This is called “abatement”. If you want to know more about how this may affect you, please contact our pensions administrators (see below).

If you left the Civil Service with an early retirement, severance or redundancy package then your existing benefits may be affected if you accept this post. If your service was enhanced (increased) when you left then you will not be able to build up benefits in the defined benefit scheme. If you opt to join our stakeholder scheme, we will not pay employer contributions for this enhancement period but you will be able to contribute if you wish. If you are receiving a pension or annual compensation payment then this may be reduced during your re-employment. If you received a top-up payment under the early severance temporary arrangements then your pay may be reduced during your re-employment.

We will tell you more about your pension choices nearer to your start date.

If you need detailed information about the pension arrangements before you accept the post, please contact us on [.....]