

alpha pension contributions explained



This guide explains why the pension contribution percentage is different to the percentage on your Annual Benefit Statement (ABS).

Contributions detailed on your payslip

Each month your employer will deduct pension contributions from your pay. You will be able to view the deductions on your payslip. The pension contributions are used to cover the cost of the scheme and do not equate to how much pension you have accrued.

The amount you contribute to your pension is based on the 'pay band' your earnings fall into each pay period. Please remember that these contribution rates are subject to change. The employee contribution rates for the current scheme year are below (1 April 2018 to 31 March 2019):

Annual Rate of Pensionable Earnings	Member Contributions Rates
£0.00 - £15,000	4.60%
£15,001 to £21,636	4.60%
£21,637 to £51,515	5.45%
£51,516 to £150,000	7.35%
£150,001 and above	8.05%

Example of alpha contribution deductions detailed on your payslip

During the scheme year, a member had Pensionable Earnings of £16,000.00.

Based on current rates they would pay contributions at 4.60%.

Pensionable earnings x member contribution rate = amount of contributions paid during the scheme year.

$$£16,000.00 \times 4.60\% = £736.00$$

Contributions detailed on your ABS

alpha is an occupational pension scheme covered by Civil Service Pensions. alpha provides a defined benefit worked out on a Career Average basis. A Career Average pension scheme means you build up a pension based on a percentage of how much you earn each year.

You build up alpha pension by adding 2.32% of your actual Pensionable Earnings from each scheme year to your alpha pension. This is the amount you actually get paid (before any tax or National Insurance is deducted).

Example of alpha Pensionable Earnings as shown on your ABS

During the scheme year, a member had Pensionable Earnings of £16,000.00.

2.32% of a member's Pensionable Earnings is used to calculate their alpha pension.

Pensionable Earnings x 2.32% = Amount of alpha pension accrued up to 31 March 2018

$$£16,000.00 \times 2.32\% = £371.20$$

An annual adjustment is then applied to the total pension balance at the start of the following scheme year in line with the Consumer Price Index. For 2018, the increase is 3%:

$$£371.20 \times 3\% = £11.14$$

$$£371.20 + £11.14 = £382.34$$