

[Date]

Dear

**Important information regarding your Civil Service pension – employee contributions.**

**Please keep this letter for reference**

I am writing to inform you that from 1 April this year the contributions paid by most members towards their Civil Service pensions will be increasing. The extra amount to be paid will be set according to your salary and you do not need to take any action. You will pay more towards your pension if your pensionable earnings (salary and pensionable allowances) each year are more than £15,000 on a full-time equivalent basis.

Contributions to your pension are made up of two elements. The first is the contribution paid by your employer which is the majority of the cost (currently 18.9% of pay on average). The second is the employee contribution which you pay. Until now, the employee contribution rate has been set at the same level within each of the Civil Service schemes. These contribution rates will change from 1 April, as shown below. Contributions are deducted from your gross pay before Income Tax is deducted, giving you tax relief.<sup>1</sup> This means, if you pay tax, your take home pay will not be reduced by the full amount of the increase. If you are a member of **classic** the changes in contribution rates are as follows:

<b>Annual pensionable earnings</b> (full-time equivalent basis)	<b>Current classic contribution rate<sup>2</sup> before tax relief</b>	<b>New 2012 contribution rate before tax relief<sup>(see 2)</sup></b>
Up to £15,000	1.5	1.5
£15,001 - £21,000	1.5	2.1
£21,001 - £30,000	1.5	2.7
£30,001 - £50,000	1.5	3.1
£50,001 - £60,000	1.5	3.5
Over £60,000	1.5	3.9

If you are a member of **premium**, **nuvos** and **classic plus** the changes in the contribution rates are as follows:

<b>Annual pensionable earnings</b> (full-time equivalent basis)	<b>Current premium, nuvos and classic plus contribution rate before tax relief<sup>(see 2)</sup></b>	<b>New 2012 contribution rate before tax relief<sup>(see 2)</sup></b>
Up to £15,000	3.5	3.5
£15,001 - £21,000	3.5	4.1
£21,001 - £30,000	3.5	4.7
£30,001 - £50,000	3.5	5.1
£50,001 - £60,000	3.5	5.5
Over £60,000	3.5	5.9

<sup>1</sup> The amount of tax relief you receive will depend on your individual circumstances.

<sup>2</sup> Calculated as a percent of pensionable earnings

You can find out more about what this will mean for you, and how your take-home pay will be affected, by using the Pensions Contribution Calculator in the Pensions Reform section of the Civil Service website at [www.civilservice.gov.uk/pensions/reform](http://www.civilservice.gov.uk/pensions/reform)

You will also find a FAQ relating to the increases at the same web address. If you still have questions you can contact the Civil Service Pensions helpline 0151 934 7222 or your HR department/Shared Services for further information.

It is important to be aware that, despite these changes in contribution rates, the Civil Service pension scheme continues to be highly competitive. If you were to leave the Civil Service pension scheme to make your own pension arrangements, and wished to maintain comparable benefits, you would have to pay considerably more, and if you paid the same contribution as now you would get considerably less pension. Your Civil Service pension will continue to provide valuable additional benefits for you and your family, including death in service payments and dependants' pensions.

The Government has also committed to a number of other longer term reforms to public service pensions and has been discussing these with Trade Unions in the Civil Service. For further information about what these reforms will mean please also visit the Pensions Reform section of the Civil Service website at [www.civilservice.gov.uk/pensions/reform](http://www.civilservice.gov.uk/pensions/reform)

Yours sincerely,

A handwritten signature in black ink, reading "William Hague". The signature is written in a cursive style with a long, sweeping underline.

William Hague, Executive Director, HR and Capability, Cabinet Office