

Changing working patterns

This guide provides information about how changes in working patterns, could impact your pension.

The impact on your pension will vary depending on what scheme you're in. More information about the options available can be found at:

www.civilservicepensionscheme.org.uk/members/publications

Note: Any change in working patterns or breaks in service need to be agreed with your employer

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1) How your pension is worked out

To enable you to understand how your pension may be affected by any change in working pattern, you need to know how it is worked out.

Your classic pension = $\frac{1}{80}$ x pensionable earnings x reckonable service

Your premium pension = $\frac{1}{60}$ x final pensionable earnings x reckonable service

Your classic plus pension is worked out like **classic** for service up to 30 September 2002, and in **premium** for service from 1 October 2002, but using your final pensionable earnings in both parts of the calculation.

Your nuvos pension = 2.3% x your pensionable earnings each year up to 31 March, and is adjusted each year in line with rises in the cost of living.

Your alpha pension = 2.32% x your pensionable earnings each year up to 31 March, and is adjusted each year in line with rises in the cost of living.

partnership pension account

Your employer puts money into your partnership pension account, and you can choose whether you wish to contribute as well. If you do make any contributions, your employer will match your contributions up to an additional 3% of your pensionable earnings.

Contributions are invested for you by the provider. You can use the resulting pot to fund your retirement or to leave it to someone in the event of your death.

When you retire your options include:

- A fixed regular income that is guaranteed for life, also known as an annuity.
- A flexible income via income drawdown. This allows you to either withdraw regular income, payable monthly or yearly, or take unlimited withdrawals. All withdrawals, other than pension commencement lump sums are treated as taxable UK income.
- Taking your full fund as cash, in which case the first 25% of the amount is tax-free (subject to the limits set by HM Revenue & Customs and the Lifetime Allowance) but anything over this is taxed as regular UK income at your marginal rate of tax.
- A combination of the options to suit your circumstances

If you choose to buy an annuity, the amount of your pension will depend on:

- How soon you start;
- How much you pay in;
- How well your chosen funds perform;
- How much is taken out in charges
- How and when you choose to take your money.

2) Part-time, term-time and seasonal working

Part-time working

Part-time working is anything less than full time.

classic, classic plus and premium

Working part time will reduce your pension by reducing your reckonable service.

Your pension is based on your reckonable service and your full-time equivalent pensionable earnings.

Examples

Emma is in **premium**. Her full time equivalent earnings are 27,000 a year and her full time equivalent hours are 36.

Her part-time pensionable earnings (24 hours a week) are £18,000 a year (24/36ths of £27,000).

If she works for 6 years, she will build up $24/36 \times 6 = 4$ years' reckonable service. Her pension would be worked out as her actual service (4 years) $\times 1/60 \times$ her full-time equivalent pensionable earnings (£27,000) = £1,800.

Tom is in **classic** and has worked full time (36 hours) for the last 15 years. His current full-time salary is £25,000. He now wants to work part-time doing 24 hours a week.

He has already built up 15 years' reckonable service and after, for example, 3 years working part-time, he would have built up another $24/36 \times 3 = 2$ years' additional service, bringing his total reckonable service to 17 years. His pensionable earnings are still £25,000 (even though his actual part-time earnings are £16,666) so he could anticipate a pension of $17/80 \times £25,000 = £5,312.50$ and a lump sum of 3 times his pension which comes to £15,937.50.

nuvos

You build up pension by adding 2.3% of your actual pensionable earnings from each scheme year to your **nuvos** pension. Your **nuvos** pension is adjusted in line with the cost of living each year. If your pay reduces as a result of working fewer hours, then the pension you earn will be reduced.

alpha

You build up pension by adding 2.32% of your actual pensionable earnings from each scheme year to your **alpha** pension. Your **alpha** pension is adjusted in line with the cost of living each year. If your pay reduces as a result of working fewer hours, then the pension you earn will be reduced.

Is my pension lump sum based on my part-time service?

In **classic**, you will receive an automatic lump sum. This is calculated as 3 x your pension, so if you reduce your reckonable service by working part-time it will reduce your pension and automatic lump sum.

In **premium, nuvos** and **alpha**, you can give up some of your pension to provide a lump sum. If you reduce your pension by working part time, it will reduce the maximum lump sum you can take (as it is a multiple of your pension).

In **classic plus**, you will receive an automatic lump sum (for service up to 30 September 2002). This is calculated as 3 x your pension, so if you reduce your reckonable service by working part-time it will reduce your automatic lump sum. No automatic lump sum is payable for service from 1 October 2002 onwards. However, you can choose to convert some of your pension into a lump sum. This is calculated as a multiple of your pension, so if you reduce your pension by working part time, it will reduce the amount of lump sum you can take.

Part-time working on medical grounds

If your employer agrees that you can temporarily reduce your working hours on medical grounds and you are eligible to sick leave on full or reduced pay, your reckonable service will be worked out as if you had not reduced your hours. However, if you are not eligible to sick leave on full or reduced pay then only the actual hours worked would reckon for pension purposes.

I work around my family commitments – how will this affect my pension?

Term time and seasonal working

Term time or seasonal working means working full or part-time hours, but for less than the full year.

classic, classic plus and premium

Your pensionable earnings used to work out your pension are the full-time equivalent, regardless of how many hours you work. Your reckonable service for **classic, classic plus** and **premium** is worked out by working out how many hours you work in a year.

$$\text{Reckonable service} = \frac{\text{Total hours worked each year}}{52.2 \times \text{Weekly full-time hours for your grade}}$$

nuvos

You build up pension by adding 2.3% of your actual pensionable earnings from each scheme year to your **nuvos** pension, so if your pay reduces as a result of working fewer hours your pension will be reduced.

alpha

You build up pension by adding 2.32% of your actual pensionable earnings from each scheme year to your **alpha** pension, so if your pay reduces as a result of working fewer hours, your pension will be reduced.

3) Flexible and shift working

Many Civil Service employers offer forms of flexible and shift working. This usually means that you work a fixed number of hours each week, but you can choose when you work these hours, within any limits set by your employer. If you work full-time hours, your pension will not be affected. If you work less than full-time hours, see '**part-time working**' section 2.

Flexible working also covers compressed working. For example, some employers allow their staff to work full time-hours in either a four day week, or a nine day fortnight. Compressed working does not change your total working hours therefore your pension is not affected.

What happens if I vary my working hours?

classic, classic plus and **premium**.

Each period of service will be worked out and added together to give your total pension. (These examples are based on a 36 hours week)

Full-time working 10 years	(10 x 1)	=	10 years reckonable service
Part-time working 6 years working 20 hours a week	(6 x 20/36)	=	3.33 years reckonable service
Part-time working 3 years working 3 full days a week	(3 x 3/5)	=	1.8 years reckonable service
Full-time working 8 years	(8 x 1)	=	8 years reckonable service
Total		=	23.13 years reckonable service

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You build up pension by adding 2.3% of your actual pensionable earnings from each scheme year to your **nuvos** pension, so if your pay reduces as a result of working fewer hours your pension will be reduced.

alpha

You build up pension by adding 2.32% of your actual pensionable earnings from each scheme year to your **alpha** pension, so if your pay reduces as a result of working fewer hours your pension will be reduced.

4) Career breaks

classic, classic plus, premium, nuvos and **alpha**

If you take a career break (agreed with your employer), you will not build up any pension for the duration of your career break. As such, you will not have to pay pension contributions during that time.

If you return to work, you will return to whichever scheme you were a member of when you left in most cases. If you were due to transition to alpha, this will still take place. Depending on how long your career break is, you may wish to look at ways of boosting your pension to make up for the missed pension benefits. There is further information about ways to boost your pension on this website.

Can I pay any pension contributions while I'm on a career break?

No.

I have a partnership pension account – can money be paid into my investment fund while I'm on a career break?

Your employer will not make any contributions to your fund while you are on a career break.

As it is your investment fund, you can decide if you wish to make voluntary payments to increase the value of your fund while you are on your career break.

5) Special leave, maternity, paternity, adoption leave, parental leave and time off for dependents

Special leave

If I need to take additional leave due to personal circumstances – how does this affect my pension?

If your additional leave is agreed as paid leave, your pensionable earnings during this leave period will be your normal rate of pay. You will continue to pay pension contributions during your absence; they will be worked out as a percentage of the actual pay you receive. This will be the normal contribution rate of whichever scheme you are a member. See the Civil Service Pensions website for current contribution rates.

Paid and unpaid special leave

Paid special leave counts towards your reckonable service for **classic, classic plus** and **premium** pensions. In most cases, unpaid special leave does not count towards reckonable service. However, in some cases unpaid special leave does count towards reckonable service.

In **nuvos** and **alpha**, if your special leave is paid, you will build up pension.

Maternity, paternity and adoption leave

classic, classic plus, premium, nuvos and **alpha**.

All paid maternity, paternity and adoption leave and any unpaid ordinary maternity and paternity leave counts towards your pension.

Any unpaid additional maternity or adoption leave does not count towards your pension.

Parental leave

classic, classic plus, premium, nuvos and **alpha**.

Parental leave allows parents to take time off to look after a child or make arrangements for the child's welfare.

Parental leave is normally unpaid. If it is unpaid, it does not count towards your pension.

Time off for dependants

classic, classic plus, premium, nuvos and **alpha**.

Time off for dependants allows employees to take a reasonable amount of time off work to deal with certain unexpected or sudden emergencies and to make any necessary long term arrangements.

Unpaid time off for dependants does not count towards your pension.

6) Ways to increase your pension

If you change your working pattern to work fewer hours, your pension will reduce. You may wish to consider ways of increasing the value of your pension benefits by:

- buying added pension;
- purchasing Additional voluntary contributions;
- increasing your partnership contributions; or

You can find more information about these options on the Civil Service Pension website.