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Date: February 2015

Important changes to Civil Service Pensions - for information only

Dear member,

This letter is for members of the Principal Civil Service Pension Scheme who are still employed and contributing to a classic, classic plus, premium or nuvos pension.

This letter is for information only and there is no action required from you; however, you may wish to keep it for reference.

Two important changes will take place from 01 April 2015:

1. A new scheme, alpha, will be introduced, which many members will move into (see section 1 of this letter for further information).
2. All members, whether or not they move into alpha, will see a change in the amount of their pension contributions (see section 2 of this letter for details).

1. alpha, the new pension scheme

A new pension scheme called alpha will be introduced on 01 April 2015. It is a Career Average pension scheme, which offers a guaranteed pension that builds up each year based on a percentage of your pensionable earnings in that year. A key change is that alpha will have a Normal Pension Age (NPA) that is the same as your State Pension age. NPA is the earliest a pension can be claimed without an early payment reduction. You will find information about the features of alpha, and how you can use them to actively plan for your retirement on the Civil Service Pensions website.

www.civilservicepensionscheme.org.uk/members/alpha

Many members will move into alpha from their current scheme on 01 April 2015, while some will move at a later date and some will remain in their current scheme.

Please read the information below to understand if, or when, you will move into the new scheme. The Civil Service Pensions website has further information about how the introduction of alpha will affect you.

Exactly how you will be affected is determined by your current pension scheme, and how close you were to your current NPA in April 2012. In classic, classic plus, and premium the NPA is usually age 60, and in nuvos this is usually age 65.

If on 01 April 2012 you were:

- at least 13.5 years from your NPA, you will move into alpha on 01 April 2015
- more than 10 but less than 13.5 years from your NPA, you will have been offered the choice to move straight into alpha from 01 April 2015 or to stay in your current scheme for a set period beyond April 2015. You will have received an Options Pack in late 2014, which gave you all the information you needed to help you make this decision
- 10 years or less from your NPA, you will not move to alpha. You will not move schemes and your NPA will not change.

Please note that the above applies in the majority of cases. However, there are further criteria to determine how you will be affected, including whether or not you were a member of a public service pension scheme (including classic, classic plus, premium or nuvos (PCSPS)) on 31 March 2012, or had been a member within the previous five years. The Civil Service Pensions website has further information about if and when members will move into alpha.

2. Changes to member contributions

From 01 April 2015 the pension contributions that you pay will change. The amount you contribute will be determined by which pay band you fall into, regardless of what scheme you are in. This depends on your actual pensionable earnings, rather than full time equivalent pensionable earnings, which is currently the case. The contribution rates can be found in the following table.

Your contribution rate is no longer fixed for the full scheme year. The pay band you fall into will be assessed every time you are paid, so the rate could vary throughout the year if your pensionable earnings change. Your pensionable earnings may vary each time you are paid because of changes such as pensionable allowances, arrears of pay, or changes to your hours or salary.

Please note that if you are a classic member on 31 March 2015 and your actual pensionable earnings from 01 April 2015 are less than £15,000 per year, your contribution rate is planned to increase from 1.5% to 4.6% over a three year period.

More information about the contribution changes can be found on the Civil Service Pensions website: www.civilservicepensionscheme.org.uk/members/contribution-rates

Member contribution rates

Pay band – assessed each pay period		Contribution rates – current classic plus, premium, or nuvos members		Contribution rates – current classic members	
From	To	Up to 31 March 2015	From 01 April 2015 to 31 March 2016	Up to 31 March 2015	From 01 April 2015 to 31 March 2016
£0	£15,000	3.50%	4.60%	1.50%	3.00%
£15,001	£21,000	5.00%	4.60%	3.00%	4.60%
£21,001	£30,000	6.48%	5.45%	4.48%	5.45%
£30,001	£47,000	7.27%	5.45%	5.27%	5.45%
£47,001	£50,000	7.27%	7.35%	5.27%	7.35%
£50,001	£60,000	8.06%	7.35%	6.06%	7.35%
£60,001	£150,000	8.85%	7.35%	6.85%	7.35%
£150,001	And above	8.85%	8.05%	6.85%	8.05%

The new rates and pay bands in this table apply until 31 March 2016.

Information about the planned contribution arrangements in place up until March 2019 can be found on the Civil Service Pensions website.

Please note that pension contributions are taken from your pay before Income Tax is deducted. The amount of tax relief that you will receive depends on your individual circumstances.

You can use the online contribution estimator to see how the changes will affect your contributions: www.civilservicepensionscheme.org.uk/members/contribution-rates/

If you have any queries relating to this letter please contact Civil Service Pensions by email: 2015changes@mycsp.co.uk

Yours faithfully,




Cabinet Office Adrian Dottridge, Director, Civil Service Workforce Reform, Cabinet Office