

# Section 01

# General

# information

This is your guide to the benefits you may be entitled to as a member of the alpha pension scheme.

The Civil Service Pensions (CSP) arrangements give you opportunities to take control of your retirement planning and build up additional retirement income.

# Section 01

## General information



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This guide uses as little jargon as possible but where it has to use specific technical terms, they have been explained in plain English.

This is a guide to the alpha pension scheme. It does not cover every aspect of alpha; full details are set out in the regulations, which are the legal basis of the scheme. You can see a copy of The Public Service (Civil Servants and Others) Pensions Regulations 2014 on the Civil Service Pension Scheme website.

Nothing in this guide can override the alpha regulations. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the regulations will apply. This guide is based on the regulations current at the time of publication and there is no guarantee that any part of the regulations will not change in the future. You should be aware that tax rates and limits are subject to change.

You should not take anything in this section as financial advice. You might want to consider contacting an Independent Financial Adviser (IFA) to discuss your retirement planning. You can find tips on finding an IFA by visiting the Financial Conduct Authority website: [www.fca.org.uk](http://www.fca.org.uk)

alpha is a registered scheme under the Finance Act 2004, and is governed by UK legislation.

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### **This section explains:**

#### **01A. An overview of alpha**

A brief guide to what alpha offers its members.

#### **01B. Building up your benefits**

A guide to how alpha pensions build up.

#### **01C. Transferring into alpha**

A guide to transferring other pensions into the alpha pension scheme.

#### **01D. Your other options**

A guide to the other options available, if alpha is not for you.



# Section 01A

## An overview of alpha



### What is alpha?

The alpha pension scheme is part of the Civil Service Pensions (CSP) arrangements.

Most new entrants who join after 01 April 2015 will be eligible for membership of alpha.

### Who runs alpha?

Cabinet Office is responsible for alpha. It decides the benefits members will get, what level of contributions members and employers pay and all other policy affecting the scheme.

MyCSP administers alpha on behalf of Cabinet Office. This involves the day-to-day administration of alpha, including calculating and arranging payment of members' pension benefits.

MyCSP can only act on behalf of Cabinet Office and within the regulations of alpha. Details of who to contact can be found in Section 07E – Important contact information.

### Where can I see the alpha regulations?

These are set out in The Public Service (Civil Servants and Others) Pensions Regulations 2014. You can see a copy on the Civil Service Pension Scheme website: [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

### What sort of scheme is alpha?

alpha is an occupational pension scheme that you can join because your employer is covered by the Civil Service Pensions arrangements. alpha provides a defined benefit worked out on a Career Average basis. A defined benefit (DB) scheme provides retirement benefits that are based on your earnings and the length of time that you have been a member, rather than the amount of money you pay in. A Career Average pension scheme means you build up a pension based on a percentage of how much you earned each year.

### Will I join alpha?

Most employees can join alpha and all eligible new joiners will automatically be enrolled into the scheme.

You can choose to opt out of alpha, join the partnership pension scheme, or make other pension arrangements yourself. Your employer will not contribute to a private pension arrangement. Section 01D - Your other options has more information on what else is available.

Usually, once every three years, your employer has to put all eligible employees, who are not in an appropriate pension scheme, into alpha. Your employer will tell you when, and if, you will be enrolled into the scheme.

### If I do not join alpha now, can I join at a later date?

Yes. If you choose not to join on your start date, you can choose to join at a later date by 'opting in'. There is more information on opting in or out, and switching schemes in Section 01D - Your other options.

### What do I get as an alpha member?

As an alpha member you will build up an annual pension, and you get tax relief on the pension contributions you make. The alpha pension you build up is adjusted each year in line with prices. When you start taking your benefits you will get an option to exchange some of your annual pension for a one-off, tax-free, lump sum. alpha also provides some benefits that can be made to your family if you die.



### How much do I pay?

The amount you have to contribute to alpha is based on which 'pay band' your earnings fall into each pay period. You can see all the pay bands, and the contribution rates on the Civil Service Pension Scheme website. Please remember that these contribution rates are subject to change.

### When can I take my benefits from alpha?

You can take your alpha benefits from your alpha Normal Pension Age (NPA) without any early payment reduction. In alpha, NPA is the later of age 65, or your State Pension age.

You can claim your alpha pension after you reach alpha's minimum pension age, which is currently 55. If you do your pension is reduced because it is likely to be paid for a longer period of time. The earlier you claim your pension the greater the reduction will be.

### What if I take my benefits after my NPA?

If you claim your pension after your alpha NPA, a late payment addition will be added to the alpha pension you have built up to take account of you retiring later than your NPA.

### What if my State Pension age (SPA) changes?

As your alpha scheme NPA is linked to your SPA, if your SPA changes your NPA will change too.

### What happens if I leave alpha?

Your pension will be worked out on the day you leave. You will get a preserved pension if you have more than two years' qualifying service, or be offered a refund or transfer if you have less. Section 04 - Leaving the scheme has more information on what will happen to your pension if you leave alpha.

### What if I get too ill to work?

If you become too ill to work, you may be able to retire early on medical grounds. If the Scheme Medical Adviser (SMA) agrees that your health will prevent you from doing your current job, and that your condition is permanent, you can apply to get your pension paid early. If you have a limited life expectancy, you may be able to get your pension paid to you as a one-off lump sum. Section 05D – Ill-health retirement has more information on what happens if you are too ill to continue to work.

### What benefits are payable if I die?

alpha provides both a lump sum payment (that can go to anyone you choose to nominate) and pensions for your dependants (spouse / civil partner / nominated partner / dependent children).

The amount of pension that is payable depends on the pension you have built up and your pay at the time you die. Whether you are in service, a deferred member (you have a preserved pension), or retired will also have an effect on these payments. Section 06 – death benefits explains this in more detail.

### If I leave can I transfer my alpha pension to another pension scheme?

Yes. You may be able to transfer your pension to another defined benefit scheme, but it will have to meet some qualifying conditions. There is more information on this in Section 04 - Leaving the scheme.

### Can I increase my pension?

Yes, there are ways to increase the amount of pension that you will get by paying some extra contributions.

Added pension and the Civil Service Additional Voluntary Contributions Scheme (CSAVCS) are both ways of boosting your retirement income; and the option to buy an EPA portion of your alpha pension gives you some control over your retirement planning, so you can claim part of your pension earlier than your alpha NPA, without any early payment reduction.

There is more information on all of these features in Section 02 - Taking control of your retirement planning.

### Will I get two separate pensions if I move into alpha from classic / classic plus / premium / nuvos?

At the end of each section of this scheme guide you will find information especially for members who moved into alpha from one of the other Principal Civil Service Pension Schemes (PCSPS). This information will help you understand the implications of having periods of service in both alpha and the PCSPS.

### Who do I contact if I have a complaint?

Your first point of contact should be the scheme administrator. They should be able to help you with most of the queries that you have and they will work with you to try and resolve your complaint. If you are not happy with their response, there is a formal Internal Dispute Resolution (IDR) procedure that you can follow.

More detail on this procedure is in Section 07D - What to do if you have a complaint about your pension.

# Section 01A

## An overview of alpha and the Principal Civil Service Pension Scheme (PCSPS)



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This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what happens to both parts of your pension.

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### What happened to the pension I built up in the PCSPS?

When you moved into alpha your benefits in nuvos, or any service that you had built up in classic, classic plus, or premium, were 'banked'.

### How will my pension be worked out?

Your pension will be made up of two parts, your PCSPS pension and your alpha pension. These two separate parts will be worked out differently, based on each of the scheme's rules.

Your final pensionable earnings are taken from, or close to, the date you actually leave not the date you move into alpha.

### What does 'banked' mean?

**Banked service** is your classic / classic plus / premium service that you built up while you were a member of PCSPS. This is held on your record and used to work out that part of your pension when you claim it. You will not build up any more service in classic, classic plus, or premium once you have moved into alpha.

**For example:**

Anna moves into alpha on 01 April 2015 after building up 20 years service in classic. On 01 April 2015 Anna's pensionable earnings were £15,000. Using her 2015 pensionable earnings Anna's pension would be £3,750 a year.

When Anna moves into alpha, her 20 years of classic service is banked.

Anna stays in alpha until she reaches her NPA in 2025. Because of pay rises and a promotion, her pensionable earnings are now £25,000. Anna's banked service is still 20 years. If Anna claimed her pension in 2025, using her banked service and new pensionable earnings the classic part of her pension would be £6,250 a year.

**Banked benefits** is the nuvos pension you built up before your move into alpha. These benefits are held on your record, but you will not add any more to them. The value of your nuvos pension will be adjusted each year in line with prices.

**For example:**

Anna moves into alpha on 01 April 2015 after building up £5,000 a year of nuvos pension.

When Anna moves into alpha, her £5,000 a year of nuvos pension is banked.

Anna stays in alpha until she reaches her NPA in 2025. Over the 10 years her nuvos benefits were banked, they were adjusted in line with prices. If every year this was a 1% increase, her nuvos pension would be £5,523 a year.

### What is my Normal Pension Age?

The alpha Normal Pension Age (NPA) is the later of age 65, or your State Pension age (SPA). Your PCSPS scheme's NPA is usually age 60 in classic, classic plus and premium, or age 65 for nuvos.



## When can I claim my pension?

You can claim your pension after you have left employment, or by taking partial retirement.

The earliest you can claim your benefits is your minimum pension age.

If you joined the PCSPS before 06 April 2006, your minimum pension age in that scheme is likely to be 50. All other members can take their benefits from age 55.

The minimum pension age in alpha is currently age 55.

If you claim your pension before its NPA it will be reduced for early payment. As each part of your pension might have a different NPA, the amount each part is reduced could be different.

There is more information on claiming your pension benefits in Section 05 - Claiming your pension.

# Section 01B

## Building up your benefits



alpha is a Career Average pension scheme. This means you build up alpha pension based on a percentage of how much you earn each scheme year. A scheme year runs from 01 April to 31 March.

You build up alpha pension by adding 2.32% of your actual pensionable earnings from each scheme year to your alpha pension.



### What earnings are used?

Your actual pensionable earnings are used to work out the 2.32% that is added to your alpha pension. This is the amount you actually get paid (before any tax or National Insurance is deducted).

Most of your earnings will usually be pensionable earnings. They will include any allowances that Cabinet Office has agreed are pensionable. Some bonuses are not pensionable. Your employer will be able to tell you which parts of your pay will be pensionable.

### What if I work part-time?

Your actual earnings are used to work out your benefits, so this takes into account the reduced amount you earn.

### What about cost of living increases?

Your total alpha pension is adjusted in line with prices every year that you are an active member of alpha. HM Treasury (the government's economic and finance ministry) decides exactly how much the adjustment should be.

This adjustment can be either positive or negative. This means the value of your pension can increase or decrease by this adjustment.

## How does an alpha pension build up?

The example below shows the way a Career Average pension, like alpha, builds up. In this example we have assumed a small cost of living increase is applied each year.

If you earned £20,000 in one scheme year, on 31 March of that year you would add £464 to your alpha pension:

$$\text{£20,000} \times 2.32\% = \text{£464}$$

The annual adjustment is applied to the total pension balance at the start of the scheme year, in this case it's a 1% increase:

$$\text{£464} + 1\% = \text{£468.64}$$

If you earned the same amount the following year, you would add another £464:

$$\text{£20,000} \times 2.32\% = \text{£464}$$

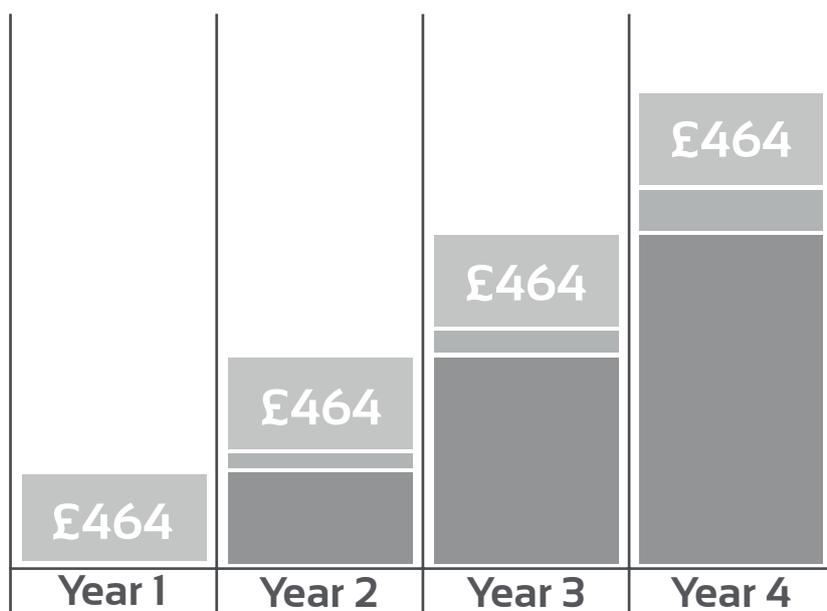
$$\text{£468.64} + \text{£464} = \text{£932.64}$$

The annual adjustment is applied to the total pension balance at the start of the next scheme year, again it is a 1% increase:

$$\text{£932.64} + 1\% = \text{£941.97}$$

This continues every year you are an active member of alpha.

-  2.32% of your pensionable earnings is added to your alpha pension at the end of the scheme year (31 March)
-  The balance of your pension is carried forward to the next scheme year
-  A cost of living adjustment is applied to your total pension at the start of each scheme year, this can be either positive or negative



# Section 01C

## Transferring into alpha



### What is a transfer in?

When you transfer your pension benefits from another pension scheme into alpha, your previous scheme calculates the transfer value of your previous pension benefits. This is an amount of money that your previous pension fund (or rights) is worth.

The scheme works out how much alpha pension that amount will buy you. If you are happy with the valuation you can apply for the transfer to go ahead, and you will be credited with an extra amount of alpha pension.

### Are all transfers the same?

There are two main types of transfer, a Club transfer and a non-Club transfer.

The Public Sector Transfer Club is a group of defined benefit occupational pension schemes, mainly within the public sector, that offer special terms for transferring benefits between them.

When both schemes are part of the Transfer Club, it is called a Club transfer. If only one, or neither, is part of the Transfer Club, it is a non-Club transfer.

There are some important differences on how these transfers are handled.

### Can I transfer in my previous pension?

There are time limits for requesting a transfer in. You must apply to transfer in your pension in your first 12 months of becoming eligible to join alpha. For Club transfers, you have to join alpha within five years or less of leaving the previous scheme.

It is not always possible to transfer a pension, and if your transfer is not possible, the scheme administrator will let you know.

### How do I apply?

The first stage is to tell Civil Service Pensions and your previous pension scheme you want to transfer your pension. You will need to give Civil Service Pensions the authority to contact your previous pension scheme to get the necessary details.

There are time limits involved, and most transfers must be completed in the first 12 months after you become an active member.

If you tell us that you are thinking about transferring your pension from a previous scheme, we will ask your previous pension scheme for a transfer quote. Once Civil Service Pensions receives the details of your previous benefits they will tell you if the transfer can go ahead. You will have to sign some discharge papers so your previous pension scheme can transfer your pension. You will then get an estimate of the amount of alpha pension this will buy.

If you want to go ahead with the transfer you must return your application and Civil Service Pensions will work with your previous pension scheme to transfer in your pension funds.

### Is there a limit to non-Club transfers in?

Non-Club transfers can come from any type of eligible scheme.

There is a limit to the maximum amount of alpha pension you can get from a non-Club transfer in. This limit is half (50%) of your annual rate of pensionable earnings on the day you became an active member of alpha.

### How does a Club transfer in from a final salary scheme work?

A final salary scheme provides a pension based on your salary and length of service at the end of your career.

The alpha rules do not allow a final salary pension to be transferred into alpha. Your transfer will be added to nuvos, even if you have never been a member, but linked to your alpha pension. This will provide you with a final salary pension linked to your main alpha pension.

Although your transfer will be in nuvos, not alpha, it will still be included in any estimates or statements you get.

### How does a Club transfer in from a Career Average (CARE) scheme work?

alpha is a Career Average scheme, and you may have been a member of another scheme that worked in a similar way. You build up a pension each year by adding an amount of your pensionable earnings for that year.

Career Average transfers can be added directly to your alpha pension.

The transfer value of your previous pension will be paid into alpha once a transfer is agreed (your previous pension meets eligibility requirements and you have completed the required discharge papers). You will get a transfer in credit once payment has been received.



## Section O1C Transferring into alpha

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The transfer credit from your Career Average Club transfer will be adjusted each year but using the method / amount that your previous scheme would have adjusted your benefits.

### Can I cancel my transfer?

You will have time to decide during the application process. You do not have to agree to transfer any of your previous pensions if you are not happy with the amount of alpha pension your transfer will buy. If you do not want the transfer to go ahead you should tell Civil Service Pensions in writing as soon as you get your quote. You cannot change your mind once the transfer has been completed.



### Do I have to pay any extra contributions if I transfer in?

No, the only extra funds that are added to your alpha pension come from your previous pension scheme

### Do I get any tax relief?

There are no special tax relief options when you transfer in a previous pension.

### Are there any other tax issues?

Each tax year, the growth in all pension arrangements you have is measured against an Annual Allowance set by HM Revenue & Customs.

You will normally have to pay an Annual Allowance tax charge on any growth in your pensions that is over the Annual Allowance amount.

Non-Club transfers in are not included in the calculation of the growth of your pension benefits for the year in which the transfer was received.

The pension related to your transfer will, however, be included in the valuation of your benefits for the purpose of measuring against the Annual Allowance in the following year.

All types of Club transfers are considered for Annual Allowance purposes.

There is more information on the Annual Allowance in Section O7A - Your pension and tax.

# Section 01D

## Your other options



If I do not want to be in alpha, what are my other options?

There are two choices:

- You can choose the partnership scheme.
- You can opt out of the pension scheme and choose not to be a member of alpha or the partnership scheme.

### partnership and switching schemes

#### What is partnership?

partnership is a defined contribution pension that, like the alpha scheme, your employer will also contribute to.

It is a pension where the amount of pension you can get is based on both the amount you and your employer pay in, and how your fund is invested.

If you want more details on how the scheme works, you can find them in the booklet partnership pension account: A guide to available benefits.

#### How do I join partnership?

There are two ways to do this and it depends on when you want to join.

**Joining partnership as a new joiner:** When you join you will have received a new entrant pack that includes a Pension Choices form, you can choose to be a member of partnership on this form.

**Joining partnership at another time:** You can switch to partnership from alpha.

When you join partnership you will have to choose which provider you want to use, and complete an application form.



### Can I leave partnership and join alpha?

You can switch schemes back into alpha each year.

If you choose to switch schemes a second time, you will have to wait until one year after the day you switched the first time to be able to do so again.

### What is the process for switching schemes?

There are two dates in the year when a switch can take place, 01 April and 01 October.

To switch from alpha to partnership, or from partnership to alpha, you will need to complete a switch form, and send it to Civil Service Pensions with at least three months' notice.

You can find the switch form on the Civil Service Pension Scheme website.

### What happens to my pension when I switch?

Your pension (alpha or partnership) is treated in the same way as it would be if you left the scheme any other way.

In alpha this means you will get a transfer / refund option, or a preserved pension depending on how much service you have.

More details on these can be found in Section 04 - Leaving the scheme.

## Opting out of alpha

### What is opting out?

You can choose to opt out and leave alpha while remaining in employment. By opting out you are not covered by the alpha scheme, and the benefits that come with it, including the death in service payment.

You may want to seek financial advice before choosing to opt out. You can find tips on finding an Independent Financial Adviser by visiting the Financial Conduct Authority website: [www.fca.org.uk](http://www.fca.org.uk)

### How do I opt out?

You will need to complete an opt out request form and send it to your employer.

### What is the process for opting out?

Once your employer has received your opt out form they will stop the pension contributions being taken from your pay, usually from the following pay period.

Your employer will let Civil Service Pensions know that you have opted out of the pension.



### What happens to my pension when I opt out?

Just like leaving alpha in any other way, you will be offered a refund / transfer option, or a preserved pension based on how much service you have.

If you opt out within three months of joining, and do not have any previous service, you will only be eligible for a refund which your employer will refund with your salary.

### Can I opt in to alpha?

If you have opted out of alpha you are able to opt back into alpha as long as you are still eligible to join the scheme.

There are limits on how often you can opt out and back in again.

If you choose to opt out a second time, you will have to wait until one year after the day you opted in the first time to be able to do so again.

### How do I opt in?

You will need to complete an opt in request form and send it to your employer.

### What is the process for opting in?

When your opt in request is received, your employer will restart your pension membership and your contributions. This will usually take effect from your next pay period provided you have given enough notice.

### What happens to my pension when I opt in?

You start building up alpha pension.

If you had a previous preserved alpha pension it may be joined up with your new period if your break between the two periods is five years or less.

## Automatic enrolment

### What is automatic enrolment?

There is a date, once every three years, when your employer has to (by law) put all of its eligible employees, who are not in a pension scheme, into one. alpha is usually the scheme that members will be automatically enrolled into.



### I switched schemes to partnership, do I get automatically enrolled into alpha?

No. Being a member of partnership will count as being a scheme member. You will not get 'switched' back into alpha.

### I opted out, do I get automatically enrolled into alpha?

Yes. Opting out means you are not a scheme member. You will get enrolled back into alpha.

### I don't want to be automatically enrolled. Do I have to go into alpha?

Your employer must enroll you, but you do not have to remain in alpha.

You can supply a further opt out form to your employer.

After being automatically re-enrolled, opting out will have different results depending on when you do it, and your previous pensions.

If you opt out within one month of joining alpha, you will get a refund of contributions.

If you opt out after one month, you will get a refund of contributions if you have less than two years qualifying service, or a preserved pension if you have more than this.