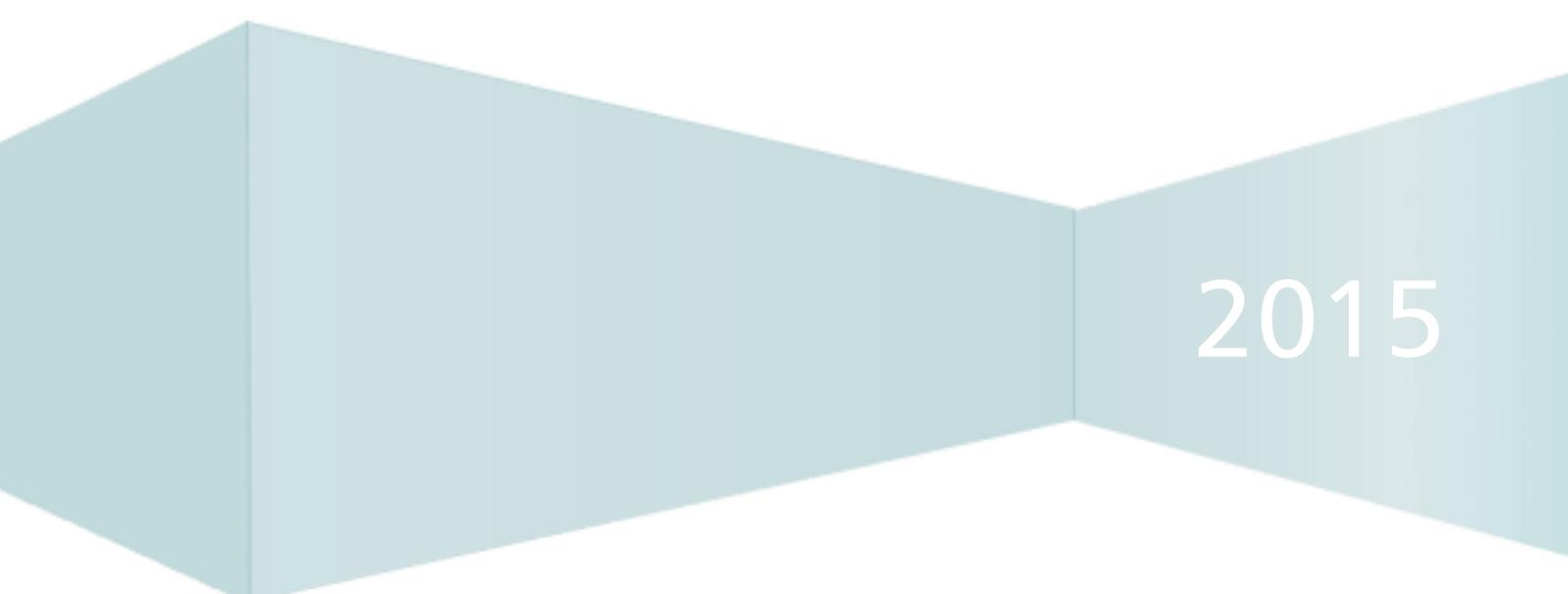


2015 New Pension Scheme Implementation Programme

Employer Impacts

Your responsibilities – EPA

Version 4.3



2015

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Purpose

You have a number of responsibilities related to the introduction of **alpha**. This document explains the new **EPA** feature and how you should process this.

EPA is a new feature in **alpha**. In exchange for the payment of additional EPA contributions, an **alpha** member can build up a pension which can be paid in full, without reduction, from an age earlier than their Normal Pension Age (NPA).

When reading this document, the term 'part 1 pension scheme' means all sections of the Principal Civil Service Pension Scheme (PCSPS); classic, classic plus, premium and nuvos.



Key points

1. New feature in **alpha**.
2. EPA application processing.
3. EPA option renewal.
4. EPA option cancellation.
5. EPA restart (following cancellation).
6. **EPA suspension.**
7. **EPA restart (following suspension).**
8. **Leavers (with an active EPA).**
9. **Re-joiners – EPA automatic restart.**
10. **EPA tool.**
11. **Interface - data.**

This document describes each of these points in more detail.



Glossary of terms

Assumed pay

In certain circumstances a member's pension is worked out using assumed pay. Assumed pay is the amount of pensionable earnings the member would have received had they not gone onto reduced or nil pay in the following circumstances:

- On sick leave on reduced pay.
- On adoption, maternity, parental, paternity or additional paternity leave.
- Receiving statutory pay. This is statutory:
 - adoption pay
 - maternity pay
 - ordinary statutory paternity pay
 - additional statutory paternity pay
 - statutory paternity pay: adoption.
- A secondment arrangement where the receiving employer pays the member but they remain an active member while on secondment.
- Is on unpaid leave but Cabinet Office has agreed that it can be treated as a period on assumed pay. Employers will have to ask Cabinet Office to exercise discretion.
- Has been called out or recalled for service in the Armed Forces. They must have been called out or recalled by an order made under the Reserved Forces Act 1996.
- Is re-employed after being paid a reserved rights compensation payment and the salary is abated. (These will be rare and the employer would have to come to Cabinet Office before abating pay).
- Is subject to an employer salary sacrifice arrangement. Gives up salary for a payment in kind such as childcare vouchers.

Prescribed absence group

Those members that are on assumed pay for any of the following reasons: statutory maternity pay, paid ordinary maternity leave, paid ordinary adoption leave, or paid paternity leave.

1 New feature in alpha



What you need to know

An alpha member may choose to buy an EPA of up to three years earlier than their NPA, but this cannot be earlier than age 65. As the NPA for an alpha member will be the later of age 65 or their State Pension age (SPA), it is possible for the member's NPA to change over time in line with the government's stated policy for future SPA changes. Therefore, any change to a member's NPA would change the date at which they can take an unreduced pension.

The EPA option is paid for through extra EPA contributions, which are deducted from the member's monthly pay. The EPA contribution rates have been calculated by the Scheme Actuary and a calculator, providing the cost of buying an EPA, is available on the Civil Service Pension Scheme website.

The decision to buy an EPA will usually be effective from the start of the scheme year (1 April); members must submit their application in good time so the EPA option starts from 1 April. The EPA option will only end if the member chooses to cancel it or leaves alpha and will be payable for a minimum one year. A member will be allowed to buy more than one EPA but they will only be able to contribute to one EPA option at a time. It is therefore possible that over time, a member could build up pension benefits in a number of pension accounts, each with a different pension age. These pension benefits will only be payable when the member retires (or partially retires), and the pension in each pension account may be reduced, paid in full or enhanced depending on their age in relation to their EPA option.

A member may choose to buy both an EPA and alpha added pension but the EPA option is only possible if the member has not bought the maximum permitted amount of alpha added pension. An EPA option will also affect the amount of alpha added pension which the member can buy.

2 EPA application processing

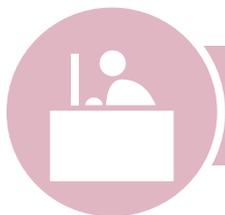


What you need to know

Members will be able to access information about EPA on the Civil Service Pension Scheme website. This will include:

- information regarding EPA options
- a calculator to provide the cost of buying EPA (percentage cost of initial years EPA contributions)
- the application form to enable the member to initiate the process to buy EPA.

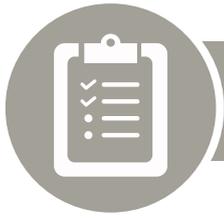
The decision to buy an EPA will be effective from the start of the scheme year (1 April), unless the member chooses to buy an EPA in their first three months of joining alpha and their joining date is later than 1 April. In which case the EPA will be effective from the date the member joined the alpha scheme.



What we will do

MyCSP will be responsible for processing applications to buy an EPA, including determining whether the member is eligible.

Where the member is eligible, MyCSP will notify both the member and you of the member's EPA option start date and the relevant EPA contribution rate percentage. MyCSP will aim to provide you with this information in sufficient time for payroll action to be taken with effect from the EPA start date but there will be instances where this is not possible and you will need to collect backdated contributions.



What you need to do

You will need to follow the instructions provided by MyCSP and ensure that your payroll deducts EPA contributions from the member's monthly pay at the advised EPA contribution rate **percentage**, including any backdated contributions where applicable.

You must ensure that EPA contributions **(as both an amount and percentage)** are recorded separately to other contributions and that this data is sent to MyCSP via the payroll interface.

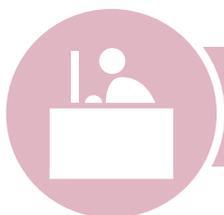
You must also ensure EPA contributions are separate from other contributions and sent to Cabinet Office.

3 EPA renewal



What you need to know

An EPA option will automatically renew at the start of the next scheme year (1 April), unless MyCSP receives a cancellation request or the member leaves **alpha** prior to this date.



What we will do

MyCSP will be responsible for processing EPA option renewals. This will involve notifying the member of their new EPA contribution rate for the forthcoming scheme year, and advising them of the cancellation process. **Members will receive their renewal notification several weeks prior to the start of the next scheme year.**

MyCSP will notify **you** of the member's new EPA contribution rate **percentage**. This notification will be provided in sufficient time for payroll action to be taken with effect from the start of the next scheme year (1 April).

The renewal notification will also inform you if the member is due to reach the age at which their active EPA option can be taken, in the forthcoming scheme year.



What you need to do

You will need to follow the instructions provided by MyCSP and ensure that payroll continues to deduct EPA contributions from the member's monthly pay at the advised new EPA contribution rate **percentage**.

You must ensure that EPA contributions continue to be recorded separately to other contributions and that this data continues to be sent to MyCSP **(as an amount and a percentage)** via the payroll interface.

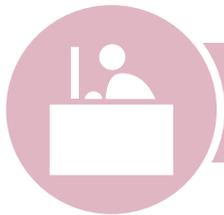
As part of the renewal process, you must cease the previous year's EPA rate of contributions, and start the revised contribution rate in April (if it has changed).

4 EPA option cancellation



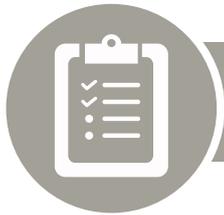
What you need to know

A member will be able to request cancellation of their EPA option at any time but cancellation will only be effective from the end of the scheme year (31 March).



What we will do

MyCSP will be responsible for processing EPA cancellation requests which will involve notifying you of the required payroll action.



What you need to do

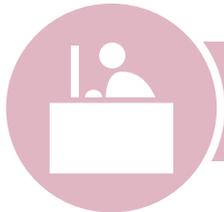
You will need to follow the instructions provided by MyCSP and ensure that payroll stops deducting EPA contributions from the member's monthly pay at the end of the scheme year (31 March).

5 EPA restart (following cancellation)



What you need to know

A member who cancelled their EPA option in the last five years has the option to restart it. The restart of the EPA will be effective from the start of the next scheme year. The member will submit a request to restart by submitting an EPA application form to MyCSP.



What we will do

MyCSP will be responsible for processing applications to restart a member's cancelled EPA option, including determining whether the member is eligible. Before the restart is processed MyCSP will ensure that the member is aware of the cost of the restarted option.

Where the member is eligible, MyCSP will notify both the member and you of the member's EPA option start date and the relevant EPA contribution rate (percentage). MyCSP will aim to provide you with this information in sufficient time for payroll action to be taken with effect from the EPA start date.



What you need to do

You will need to follow the instructions provided by MyCSP and ensure that payroll deducts EPA contributions from the member's monthly pay at the advised EPA contribution rate percentage, including any backdated contributions where applicable.

You must ensure that EPA contributions are recorded separately (as both an amount and a percentage) to other contributions and that this data is sent to MyCSP via the payroll interface and contributions sent to Cabinet Office.

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EPA suspension



What you need to know

Members who go onto assumed pay will have the choice to suspend their EPA option. To suspend an EPA option the member must contact their employer to discuss the impact of being on assumed pay. The suspension of the member's EPA option will be effective from the date that they requested to suspend.

If the member does not choose to suspend their EPA option, whilst on assumed pay, their EPA contributions will be based on their assumed pay, except if they are in a prescribed absence group in which case contributions will be based on the reduced amount that the member has actually been paid (please see Glossary of terms).



What we will do

Appropriate data sent across the payroll interface as a result of the member going onto assumed pay will be processed by MyCSP and will be reflected in the member's record (see Interface – data section).

If the member has decided to suspend their EPA option MyCSP will continue to send out renewal notifications for that member during their period of suspension.



What you need to do

If the member opts to suspend their EPA option:

- You will be responsible for processing EPA suspension requests from the member.
- You must send the appropriate data across the payroll interface to indicate that the member has suspended their EPA option (see Interface – Data section).
- Do not deduct EPA contributions from the member's monthly pay for the period in which their EPA is suspended.
- If the member does not suspend their EPA but is on assumed pay: You must deduct contributions based on assumed pay for their EPA option.
- If the member does not suspend their EPA but is on assumed pay and is in a prescribed absence group: You must deduct EPA contributions based on their reduced pay.

You must also ensure that EPA contributions are recorded separately (as both an amount and percentage) to other contributions and that data is sent to MyCSP via the payroll interface.

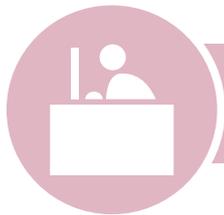
7 EPA restart (following suspension)



What you need to know

The member can choose to restart their suspended EPA option at any time during a period of assumed pay. The request to restart must be made in time for you to start deducting EPA contributions from the first payroll following the end of the assumed pay period.

You must inform the member of the implications of not submitting a restart request prior to the end of assumed pay period. If a restart request is not made in time or not made at all then their EPA option will remain suspended. The member will then have the choice to restart their EPA option from the next scheme year.



What we will do

As a result of appropriate data being sent across the payroll interface, MyCSP will update the member record to show that the member's EPA option has been restarted (see Interface - data section).

Where the restart request has not been submitted in time to deduct EPA contributions from the first payroll following the end of the assumed pay period:

- MyCSP will process a member's request to restart.
- If the member has not opted to restart then MyCSP will cancel the suspended EPA.



What you need to do

If the request to restart is made in time for you to deduct EPA contributions from the first payroll following the end of the assumed pay period:

- You will be responsible for processing EPA option restart requests from the member.
- If the member has submitted a request to restart their suspended EPA option you must inform them of the cost before it is restarted. The cost of the EPA can be attained through the use of the calculator tool, which will be available on the Civil Service Pensions website.
- You must start deducting EPA contributions from a member's monthly pay from the first pay period following the end of the period of assumed pay.
- You must send the appropriate data across the payroll interface to indicate that a member wishes to restart their EPA option (see Interface - data section).

If a request to restart was not made in time for you to deduct EPA contributions from the first payroll following the end of the assumed pay period:

- You must inform the member that they can only restart their EPA option from the start of the next scheme year. In order for this to happen they must submit a request to restart to MyCSP. If they do not wish to restart from that date then their EPA option will be cancelled from the end of the current scheme year.
- You must also send the appropriate data across the payroll interface (see Interface - data section).

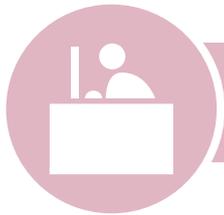
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Leavers (who have an active EPA)



What you need to know

A member's EPA option will be stopped if they opt to leave pensionable service. The date the EPA option is stopped will be the date they leave pensionable service.



What we will do

MyCSP will update the member record to show that their EPA option has been stopped.



What you need to do

When the member leaves pensionable service there is no need for you to provide MyCSP with any EPA-specific information. The leaver process will operate as it does currently.

EPA contributions will be refunded in the same way as standard contributions today.

The refund rules are as follows:

- If a member leaves alpha, the employer needs to reset the standard and/or EPA contributions to 'zero' on the interface.
- As is the current procedure, if the member has less than three months qualifying service, the Employer will refund the member's contributions. The refund must also include any EPA contributions which have been deducted.
- As is the current procedure, if the member has at least three months but less than two years qualifying service, MyCSP will refund the member. The refund must also include any EPA contributions which have been deducted.
- Where the member has two years or more qualifying service, the pension will be preserved.

If the member already has a preserved award or is over pension age, then the contributions are not refunded.

9

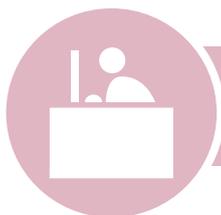
Re-joiners - EPA automatic restart

(following a return to pensionable service in five years or less from when their EPA was stopped as a result of leaving pensionable service.)



What you need to know

If a member re-joins alpha in five years or less from the date they left then their stopped EPA option will be automatically restarted. The EPA option will be effective from the date the member returned to pensionable service.



What we will do

As a result of the appropriate data coming across the payroll interface MyCSP will update the member record to show that a member's EPA option has been stopped as a result of them leaving alpha. If the member returns to the scheme within five years of the date they left MyCSP will update the member record to show that their option has been restarted (see Interface - data section).



What you need to do

When a member returns to pensionable service following an absence of five years or less:

- You will be responsible for processing an automatic restart of a member's EPA option.
- It will be your responsibility to inform the member of the cost of the restarted EPA option. The cost of the EPA option can be attained through the use of the calculator tool which will be available on the Civil Service Pensions website.
- You must send across the payroll interface appropriate data to indicate that the member has returned to pensionable service and as a result has restarted their EPA option (see Interface - data section).
- You must ensure that payroll deducts contributions from the member's monthly pay from the date that the member re-joined the alpha scheme.

If the member has returned to pensionable service following an absence of more than five years:

- If the member has expressed a wish to restart their EPA option you must inform them that they can submit a new EPA application to MyCSP.

10 EPA tool



What you need to know

MyCSP will provide members with an online tool to assess whether EPA is an option they would like to purchase, when assessing their retirement options.

The tool will provide costs of the three EPA options, and will be updated on an annual basis when the EPA contributions are reassessed.

11

Interface - data



What you need to do

You will need to send MyCSP EPA contribution amounts.

Please refer to the Developer's Guide for the exact layout of the fields described below.

EPA suspension

If the member suspends their EPA option you must send MyCSP:

- Assumed pay code (to indicate member is on assumed pay).
- EPA suspension code (to indicate suspension).
- Service history start date (this will be the date the EPA is suspended from).
- No EPA contributions (as an amount or percentage).

If the member does not suspend (and is on assumed pay – not in a prescribed absence group) you must send MyCSP:

- Assumed pay code (to indicate member paying contributions based on assumed pay).
- EPA contributions (as an amount and percentage) based on the member's assumed pay.

If the member does not suspend (and is on assumed pay - prescribed absence group) you must send MyCSP:

- Assumed pay code (to indicate member paying contributions based on reduced pay).
- Reduced actual pay.
- EPA contributions (as an amount and percentage) based on member's reduced pay.

EPA restart (following suspension)

If a request to restart is made in time for you to deduct contributions from the first payroll following the end of the assumed pay period you must send MyCSP:

- Service history start date (this will be the date the member's EPA option is restarted from).
- EPA contributions (as an amount and percentage).

You must also:

- Remove assumed pay code.
- Remove EPA suspension code.

If a request is not made in time for you to deduct contributions from the first payroll following the end of the assumed pay period you must send MyCSP:

- No EPA contributions.

You must also:

- Remove assumed pay code.
- Ensure the Suspension code remains (to indicate suspension).
- Not input Suspension End Date.

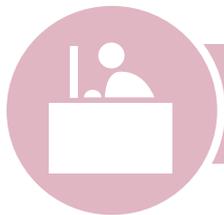
Leavers (who have an active EPA option)

If a member has an EPA option and leaves pensionable service you should follow the same process as you do currently.

Re-joiners (EPA option automatic restart)

When a member returns to pensionable service following a break of five years or less (and their stopped EPA is automatically restarted) you must send MyCSP:

- EPA option restart indicator.
- EPA option restart date.
- EPA contributions (amount and percentage).



What we will do

MyCSP will carry out data validation checks so that:

- only one EPA option is contributed to at a time
- EPA contributions are collected from members who are buying an EPA option
- EPA contributions are not collected from members who are no longer buying an EPA option
- MyCSP can administer all activities stemming from a member's EPA option.

If any of these validation checks fail, MyCSP will advise you of this through the appropriate reporting process.

