

MODEL OFFICE NOTICE RE INTRODUCTION OF EMPLOYER CONTRIBUTIONS ON PAYSLEIPS

NEW INFORMATION ON PAYSLEIPS

As from [xxx – specify month] we will be showing an additional figure on your payslip [under...description*...]. This shows the amount that we, as your employer, contribute to provide your Civil Service pension benefits. See Annex A for the table of contribution rates.

- **Insert details of how the contribution will appear on the payslip – e.g. Does it show the monthly contribution and/or the cumulative total year to date? For partnership does it show one total amount or separate boxes/amounts for the age related employer contribution and the ‘matching’ contribution up to 3%*

How is your pension funded?

classic, classic plus and premium are ‘defined benefit’ schemes. Many defined benefit schemes are financed through building up a fund in which employer and employee contributions are invested. However, your Civil Service pension is not based on a fund of invested cash: instead, pensions are paid each year from the contributions made by members and employers in that year, topped up as needed by money provided by taxpayers.

Although these schemes are not based on an invested fund, employer contributions are set at a level that would provide a fund sufficient to support the level of benefits being built up in a year by all the members. Employer contributions are set by salary band and reflect assumptions about, for example, the ages of scheme members, length of service and life expectancy. Under current rules the defined benefit schemes have a pension age of 60 which is the earliest that you can take your pension without it being reduced for early payment.

The **partnership** pension account is a **stakeholder**-type pension arrangement that is based on money invested in a personal ‘pension pot’. If you open an account, you can choose whether you wish to invest or not, but we will pay an age-related contribution into your chosen pot anyway, to build up a sum to buy an annuity (pension for life) when you choose. Under current rules, you can buy your annuity at any age between 50 and 75.

Can you take your contributions when you leave?

- **classic, classic plus and premium** You don’t have a pension pot to take away, but you will have built up entitlement to a pension (providing you have been in service for more than 2 years). You can leave (or preserve) your entitlement for payment when you reach pension age, or you can transfer the value to another occupational pension scheme. The transfer value is the cash value of the benefits earned, which is the fund that would need to be set aside to finance your pension and related benefits.
- **partnership pension account.** You keep your pension pot with your chosen provider, reflecting the invested value of your contributions plus your employer contributions. You can continue to put money into your pot, but your Civil Service employer contributions will end with your resignation.

If you leave with less than 2 years’ service in **classic, classic plus or premium** – you can have a refund of your own contributions less tax and the cost of buying you back into the

state second pension scheme (S2P). The employer contributions that we have paid are not refunded either to you or to us. As an alternative to a refund you can transfer the value of benefits earned to another pension scheme within 12 months of leaving.

Want to know more about your pension?

The Civil Service Pension website www.civilservice-pensions.gov.uk has lots of useful information for scheme members including a range of leaflets and booklets that can be downloaded, including:

Your classic pension benefits explained
Your classic plus pension benefits explained
Partnership pension account
Premium pension scheme

If you want to find out how you can increase your pension, you will also find the following booklets on the website:

Buying Added Years for your classic pension
Buying added years for your pension in classic plus and premium
Stakeholder pensions
The Civil Service Additional Voluntary Contribution Scheme

[If applicable, reference to intranet links/administrator's website]

You can obtain hard copies of the booklets from our APAC (Authorised Pensions Administration Centre) ***[Insert name of APAC]***, who can also help with any queries.

APAC Contact details

Email address

Telephone Helplinenumber

If you have a query about your pay or payslip you should contact: ***[Insert contact details [payroll section/manager]***

Employer contribution rates

Employer contributions for the defined benefit schemes are a percentage of your pensionable pay. The scheme actuary reviews the rates and revises them when needed.

- The rates and bands for **classic**, **classic plus** and **premium** for the year April 2005-March 2006 are:

Pay	Employer Contribution
£18,000 and under	16.2%
£18,001 to £37,000	18.6%
£37,001 to 63,500	22.3%
£63,501 and over	24.6%

****[Prison Officers with reserved rights
(Pre Fresh Start) 25.6%]***

- partnership pension account** employer contributions are based on age:

Age at the last 6 April	Percentage of your pensionable earnings
Under 21	3%
21-25	4.5%
26-30	6.5%
31-35	8%
36-40	10%
41-45	11.5%
46 or over	12.5%

On top of this, we will match any regular contributions you choose to make to your partnership pension account, up to an additional 3% of your pensionable earnings.

Also for partnership members, we pay 0.8% of your pay to provide death-in-service and ill-health benefits for partnership members. This amount is not shown on your payslip.

****As applicable – for Home Office or Scottish Prisons only.***