Changing working patterns fact sheet (CWP1)
How your pension is worked out

This series of fact sheets provide a guide to changes in working patterns together with information about how these changes could impact on your pension. The impact on your pension may vary depending on what scheme you are in.

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

Working patterns

Part-time, term-time and seasonal working **(CWP2)**

Flexible and shift working **(CWP3)**

Different kinds of breaks

Career breaks **(CWP4)**

Special leave, Maternity, Paternity and Adoption leave, Parental leave and Time off for dependants **(CWP5)**

To enable you to understand how your pension is affected you need to know how it is worked out.

classic, **classic plus** and **premium** schemes

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 as in **classic** for service up to 30 September 2002, and as in **premium** for service from 1 October 2002, but using your **final pensionable earnings** in both parts of the calculation. The lump sum for your **classic** service is 3 x your pension. In **premium** there is no automatic lump sum, but you can choose to convert some of your pension into a lump sum.

Your **nuvos** pension = 2.3% x your pensionable earnings each year up to 31 March, increased for inflation by the Retail Price Index.

This is a summary of basic scheme features. Full details are set out in the scheme rules. In the case of any difference, the scheme rules will apply.

partnership pension account

The **partnership** pension account is very different from the **classic**, **classic plus** and **premium** schemes.

Your employer puts money into your chosen **partnership** pension account, and you can choose whether you wish to contribute as well. Your investment fund builds up over time. Currently from age 50 onwards (55 from 2010), you can use your investment fund to buy an **annuity** (a pension for life) from a UK branch or office of an insurance company authorised to carry on long-term insurance business. You can also take up to 25% of your fund as a lump sum. You do not have to retire to do this but can carry on working whilst receiving your pension.

You choose what percentage, if any, of your **pensionable earnings** you wish to pay into your investment fund. Your employer will also make contributions and these are calculated as a percentage of your **pensionable earnings**, regardless of your working pattern. If you do make any contributions, your employer will match your contributions up to an additional 3% of your **pensionable earnings**.

More information

See the scheme booklets on the Civil Service Pensions website: **www.civilservice-pensions.gov.uk**

'Your **classic** pension benefits explained'
'Your **classic plus** pension benefits explained'
'premium pension scheme'
'**nuvos** pension scheme'

They are also available on request from your pensions administrator.

This is a summary of basic scheme features. Full details are set out in the scheme rules. In the case of any difference, the scheme rules will apply.

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Boosting your pension

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

- buying Added Years; (until 1 March 2008)
- buying added pension (from 1 October 2007 for over 60's and from 1 March 2008 for everyone)
- additional voluntary contributions;
- taking out a Stakeholder pension.
- Increasing your **partnership** contributions

Leaflets about these options are available on request from your pensions administrator or on the Civil Service website at www.civilservice-pensions.gov.uk

Changing working patterns fact sheet (CWP1)
Technical terms

annuity is an income for life, the pension that you buy with the money in your investment fund.

classic is a defined benefit (**final salary**) scheme which is part of the Civil Service pension arrangements.

classic plus is a defined benefit (**final salary**) scheme which is part of the Civil Service pension arrangements.

defined benefit is a type of pension where your pension is based on defined factors, which can include pay, a factor for increasing pensions and service in the scheme.

defined contribution is a type of pension where you know how much you will pay. How much it is worth when you retire will depend on investment returns.

final pensionable earnings are the **pensionable earnings** used to work out your pension if you are a member of **premium** or **classic plus**.

final salary schemes work out your pension based on your salary at the time you retire.

money purchase is a type of pension where you put money into an investment fund. The fund is used to buy an **annuity**.

nuvos is a defined benefit occupational pension scheme based on your salary in each year of service.

partnership is a **defined contribution** (**money purchase**) **stakeholder** pension with an employer contribution. It is part of the Civil Service pension arrangements.

pensionable earnings are all earnings which could count towards your pension. They can include non-cash items, for example uniforms or accommodation.

premium is a defined benefit (**final salary**) scheme which is part of the Civil Service pension arrangements.

reckonable service is the years and days that count towards your **classic**, **classic plus** or **premium** pension. Generally, each day that you are a member of the scheme reckons towards your pension. Things like strike days and career breaks do not reckon towards your pension.

Stakeholder is a **defined contribution** (**money purchase**) pension.