3

Civil Service pension arrangements

3.1 Introduction

- Table 1 – The CSP arrangements
- Table 2 – Other schemes managed by Cabinet Office, Scheme Management Executive

3.2 Overview of pension schemes

- **nuvos -** Table 1 – **nuvos** contributions and benefits
- **Premium -** Table 2 – **premium** contributions and benefits
- **partnership -** Table 3 – **partnership** contributions and benefits
- **classic -** Table 4 – **classic** contributions and benefits
- **classic plus -** Table 5 – **classic plus** contributions and benefits

3.3 Other schemes

- The Civil Service Additional Voluntary Contribution Scheme (**CSAVCS**)
- The Civil Service Compensation Scheme (**CSCS**)
- The Civil Service Injury Benefit Scheme (**CSIBS**)
- The Partnership Pension Account Death Benefit Scheme
- The Partnership Pension Account Ill Health Benefit Scheme
- Designated Stakeholder Pension Scheme

3.4 Scheme flexibilities

3.5 Paying for Civil Service pensions

- Table 1 – Paying for Civil Service pensions
- Table 2 - Member stays in the CSP arrangements during secondment

Annex 3A How do you pay over **ASLCs**?
Annex 3B Breakdown of Monthly Pension Contributions

3.1

Civil Service pension arrangements Introduction

3.1.1 The CSP arrangements are made up of a number of different schemes, including some where the member contributes to their own investment fund. Table 1 gives an overview of the arrangements. Further detail is added in Sections 3.2, 3.3 and 3.4 and throughout the EPG.

Table 1 The CSP arrangements	
nuvos	A defined benefit scheme. Pension builds up at 2.3% of pensionable earnings each scheme year. Introduced 30 July 2007.
premium	A defined benefit pension scheme based on final salary. Introduced 1 October 2002. Now closed to new entrants.
partnership	A defined contribution ('money purchase') stakeholder pension available only to new entrants joining on or after 1 October 2002.
classic	A defined benefit scheme based on final salary. It was open to Civil Servants from 1972 – 2002. The name **classic** came into effect 1 October 2002. Now closed to new entrants.
classic plus	A defined benefit pension scheme based on final salary. It was available from 1 October 2002 for staff in post on 30 September 2002. Now closed to new entrants.
The **Civil Service Supplementary (Earnings Cap) Scheme**	This provides benefits on pensionable earnings above the earnings cap. Closed to new members from 6 April 2006.

Designated stakeholder pension scheme	A defined contribution (money purchase) arrangement, offered as a way for staff to boost their retirement income, regardless of whether they already belong to one of the defined benefit schemes or **partnership**. > Section 3.3 gives further details.

Table 2 Other schemes managed by Cabinet Office, Scheme Management Executive	
The Civil Service Additional Voluntary Contributions Scheme **(CSAVCS)**	A money purchase arrangement for Civil Service pension scheme members to provide an additional pension, where contributions are paid to one of a panel of approved pension providers for investment in a fund or selection of funds. The accumulated investment fund is used to buy an annuity - a pension for life. Members can choose to take up to 25% of their fund as a tax free lump sum subject to the Lifetime Allowance. Available to **classic, classic plus**, **premium** and **nuvos** members. > Section 3.3 gives further details.
The Civil Service Compensation Scheme **(CSCS)**	The scheme providing compensation for civil servants who retire early because of voluntary exit, voluntary redundancy or compulsory redundancy. The scheme also provides compensation for dismissal on the grounds of inefficiency with compensation paid at employer's discretion. > Sections 3.3 and 6.3 give further details.
The Civil Service Injury Benefit Scheme **(CSIBS)**	The scheme providing compensation for a qualifying injury during the course of official duties which then impairs earning capacity. > Section 5 gives further details.
Partnership Pension Account Ill-Health Benefit Scheme	Provides a lump sum to those who retire for ill health reasons and hold a **partnership** pension account.

Partnership Pension Account Death Benefit Scheme	Provides a lump sum death benefit to the dependants of those who have died in service with a **partnership** pension account.

3.2

Civil Service pension arrangements Overview of schemes

3.2.1 The following tables give a brief overview of the pension schemes covered by the CSP arrangements. For more in-depth information, please refer to the scheme booklets which are available on the Civil Service Pensions website: www.civilservice.gov.uk/pensions. For information on eligibility, see Section 4 of the EPG.

nuvos is a defined benefit scheme, based on a proportion of pay earned in each and every year of service. New entrants can join **nuvos** or open a **partnership** pension account (see table 3), subject to their eligibility.

Table 1 **nuvos** contributions and benefits	
Contributions: • Members contribute a percentage of their pensionable earnings. • Members receive tax relief on contributions subject to HMRC limits. • You pay a monthly contribution (ASLC) to the Cabinet Office Civil Superannuation for each member. It is the equivalent of the employer's contribution to a funded scheme. • Members may buy added pension or contribute to a money-purchase top-up arrangement. They can buy amounts of extra pension either through regular payments or by lump sum. **Benefits:** • Not based on final salary. The pension based on a proportion of pay earned in each and every year of service, which builds up at 2.3% of pensionable earnings each scheme	• Ill-health retirement benefits. • Lump sum death benefits. • Family benefits for Members' dependants. • Payments to unmarried partners are available, subject to qualifying conditions. The booklet 'Pensions for partners' gives more information. • Are not restricted by the earning cap **Membership**: New entrants and most rejoiners in post on or after 30 July 2007 are eligible to join **nuvos,** depending on employee status. Staff in post before 30 July 2007 cannot join **nuvos**. ➢ See Section 4 for eligibility **Pension age and taking benefits**: The current **nuvos** pension age is 65. However members can draw on those benefits earlier, subject to actuarial

year. The pension being built up will be index linked at the end of every scheme year, and when it is in payment. • Members can exchange some of their pension for a tax-free lump sum on retirement. For each £1 of annual pension given up, the member will receive £12 of lump sum. There are restrictions on the total amount of the lump sum.	reduction. Members who do not retire at 65 may continue to build up their pension to age 75 in the normal way, subject to scheme limits. They will receive an age addition – an extra amount of pension - for each year or part year that they do not take their pension after pension age. **Switching from nuvos to partnership and vice versa** Members may switch from **nuvos** to **partnership**. They have one opportunity to switch to **partnership** and they have one opportunity to switch back to **nuvos** from **partnership**. They must switch either on 1st April or 1st October in any year.

premium is a defined benefit scheme, with benefits based on 'final salary'.

Table 2 **premium** contributions and benefits	
Contributions: • Members contribute a percentage of their pensionable earnings. • Members receive tax relief on contributions subject to HMRC limits. • You make a monthly contribution (ASLC) to the Cabinet Office Civil Superannuation for each member. It is the equivalent of the employer's contribution to a funded scheme. • Members may buy added pension (an amount of extra annual pension which is index linked). **Benefits**: • A pension based on 1/60th of final pensionable earnings for each year of reckonable service; • Members can exchange some of their pension for a tax-free lump sum on retirement. For each £1 of annual pension given up, the member will receive £12 of lump sum. There are restrictions on the total amount of the lump sum); • The annual pension will be index linked; • Ill-health retirement benefits • Lump sum death benefits • Family benefits for members' dependants; and • Payments to unmarried partners are available, subject to qualifying conditions. The booklet 'Pensions for partners' gives more information.	**Membership**: Most staff in post on 30 September 2002 were eligible to transfer to **premium** from their existing scheme, which was known as PCSPS. After 1 October 2002 new entrants to the CSP arrangements were able to join **premium**, subject to eligibility. **premium** was closed to new entrants from 30 July 2007, although it is still available for some rejoiners, subject to their eligibility. ➢ See Section 4 for eligibility **Pension age**: The current **premium** pension age is 60. However, members can draw their benefits earlier, subject to actuarial reduction. If members choose to work past age 60, they can build up pension benefits to the age of 75.* They and you will continue to contribute towards their **premium** pension in the normal way. *Subject to the maximum number of years' service. See Section 3.5 for details. **Switching from premium to partnership and vice versa** Members may switch from **premium** to **partnership**. They have one opportunity to switch to **partnership** and they have one opportunity to switch back to **premium** from **partnership**. They must switch either on 1st April or 1st October in any year. This does not apply to members who joined **premium** as a result of the 2002 Choices exercise.

partnership

The **partnership** pension account is a defined contribution (money purchase) arrangement. It is a stakeholder pension with employer contributions. Employer and employee contributions are put into an individual pension fund which belongs to the member and over the years this fund builds up. When the member comes to retire they use the fund to buy a pension from a pension provider. They can choose to take up to 25% as a lump sum.

When an employee applies for **partnership** they choose a provider from a panel appointed by Cabinet Office, Scheme Management Executive with whom to invest their contributions. The current **partnership** providers are:

- Scottish Widows
- Standard Life

You can, at your discretion, set up similar arrangements with alternative providers if you recognise and are content to handle the significant administrative burden, especially for payroll, of dealing with more providers. You must report all cases to Cabinet Office, Scheme Management Executive.

For information on contributions and benefits, see table 3 overleaf.

Table 3 **partnership** contributions and benefits	
Contributions: •The member decides how much they want to pay. They do not have to make any contributions. • Employer contributions are based on pay before tax. Employee contributions are taken from net pay but the pension provider claims back tax on employee's contributions which are then paid into their **partnership** account. You pay contributions as a percentage of the member's pensionable earnings. The percentage varies according to the member's age. • In addition to this you will match any contributions that the member makes, up to a maximum of 3% of pensionable earnings. • You also pay a mini ASLC (currently 0.8%) to pay for ill-health and death benefits. **Benefits**: The benefits are not predictable in the way that **nuvos, premium**, **classic** and **classic plus** benefits are. • Pension. The amount of pension will depend on several things. They are: • the amount of money that both you and the member have contributed; • the investment returns on the contributions; • the annuity rate which is used to convert the fund into a monthly income when the member retires and the type of annuity they choose; and • the amount that the member decides to take as a lump sum. This can be up to 25% of their fund; • Lump sum ill-health retirement benefits; • Lump sum death benefits.	**Membership**: Available to eligible staff who joined on or after 2002. ➢ See Section 4 for eligibility **When benefits become payable:** Members do not have to retire in order to take their benefits. They must, however, take their benefits between age 50 (age 55 from 2010) and 75. **Switching from partnership to nuvos and vice versa** Members who had a choice to join either **partnership** or **nuvos** at the beginning of their employment may subsequently switch between the two pension arrangements (irrespective of which one they choose to join first). They have one opportunity to switch to **partnership** and they have one opportunity to switch back to **nuvos** from **partnership**. They must switch either on 1st April or 1st October in any year. **Switching from partnership to premium and vice versa** Members who had a choice to join either **partnership** or **premium** at the beginning of their employment may subsequently switch between the two pension arrangements (irrespective of which one they choose to join first). They have one opportunity to switch to **partnership** and they have one opportunity to switch back to **premium** from **partnership**. They must switch either on 1st April or 1st October in any year.

classic is a defined benefit scheme, with benefits based on 'final salary'.

Table 4 **classic** contributions and benefits	
Contributions: • Members contribute a percentage of pay towards a widow's/widower's/surviving civil partner's pension. • Members receive tax relief on contributions subject to HMRC limits. • You make a monthly contribution (ASLC) to the Cabinet Office Civil Superannuation for each member. It is the equivalent of the employer's contribution to a funded scheme. • Members may buy added pension (an amount of extra annual pension which index linked). **Benefits**: • A retirement pension based on 1/80th of final pensionable earnings for each year of reckonable service and lump sum equivalent to 3/80th of final pensionable earnings; • Members will receive an automatic lump sum on retirement and can exchange some or all of their lump sum for additional pension for themselves, or for themselves and their widow/widower/surviving civil partner. They can also choose to take a higher lump sum, giving up £1 of annual pension for every £12 of lump sum. Taking a higher lump sum, however, will impact on the 'death after retirement' guarantee.	• The annual pension will be index linked annually; • Ill-health retirement benefits; • Lump sum death benefits; and • Family benefits for members' dependants. **Membership**: Most staff in post before to 1 October 2002 were eligible for membership. From 1 October 2002 **classic** became a closed scheme and no new members could join. Members in post on 30 September 2002 could choose whether to stay in **classic** or transfer to **classic plus** or **premium**. **Pension age**: The current **classic** pension age is 60. However, members can draw their benefits earlier, subject to actuarial reduction. If members choose to work past age 60, they can build up pension benefits to the age of 75.* They and you will continue to contribute towards their **classic** pension in the normal way. *Subject to the maximum number of years' service. See Section 3.5 for details.

classic plus is a defined benefit scheme, with benefits based on 'final salary' combining elements from the **classic** and **premium** schemes. Under this option, service up to 30 September 2002 counts, subject to minor changes, in **classic** while service from 1 October 2002 counts the same way as for **premium**.

Table 5 **classic plus** contributions and benefits	
Contributions: • Members contribute a percentage of their pensionable earnings. (For service up to 30 September 2002, this contribution was specifically for a widow's/widower's/surviving civil partner's pension. From 1 October 2002, the contribution is towards all scheme benefits.) • Members receive tax relief on contributions subject to HMRC limits. • You make a monthly contribution (ASLC) to the Cabinet Office Civil Superannuation for each member. • Members may buy added pension (an amount of extra annual pension which is index linked). **Benefits**: • A pension based on 1/60th of final pensionable earnings for each year of reckonable service from 1 October 2002. Service up to 30 September 2002 will provide a pension based on 1/80th of final pensionable earnings; • Members will receive a lump sum for their service up to 30 September 2002 equivalent to 3/80th of their final pensionable earnings. For their service from 1 October 2002, members can exchange some of their pension for a	tax-free lump sum on retirement. For each £1 of annual pension given up, the member will receive £12 of lump sum. There are restrictions on the total amount of the lump sum (ask your APAC for details); • The annual pension will be index linked annually; • Ill-health retirement benefits; • Lump sum death benefits; • Family benefits for members' dependants; • Payments to unmarried partners, subject to qualifying conditions, are available for service from 1 October 2002. The booklet 'Pensions for partners' gives more information. **Membership**: Most civil servants in post on 30 September 2002 were eligible to join **classic plus**. From 1 October 2002 **classic plus** became a closed scheme and no new members could join. **Pension age**: The current **classic plus** pension age is 60. However, members can draw their benefits earlier, subject to actuarial reduction. If members choose to work past age 60, they can build up pension benefits to the age of 75.* They and you will continue to contribute towards their **classic plus** pension in the normal way. *Subject to the maximum number of years' service. See Section 3.5 for details.

3.3

Other schemes included in the Civil Service Pension arrangements

The **Civil Service Additional Voluntary Contribution Scheme (CSAVCS)**

3.3.1 The **CSAVCS** allows members of **classic, classic plus, premium** and **nuvos** to contribute to an investment scheme with a financial institution to provide one or more of the following:

• an additional income and optional lump sum for the member in retirement

• additional widow, widower and surviving civil partner benefits.

3.3.2 The current **CSAVCS** providers are:

- Scottish Widows
- Standard Life

3.3.3 The **CSAVCS** offers flexibility for the member to:

- select the level of Additional Voluntary Contributions (AVCs) paid,
- determine which of the additional benefits they want and which investment methods,
- decide on the providers they prefer, and
- decide what sort of annuity they want.

3.3.4 **CSAVCS** contributions receive tax relief, subject to HMRC limits.

3.3.5 Where a member is paid a non-pensionable bonus, they may choose to pay some or all of it in the form of a direct contribution from salary into their **CSAVCS** fund.

3.3.6 Your APAC will be able to provide you with more detailed information on the **CSAVCS**. The leaflet 'The Civil Service Additional Voluntary Contribution Scheme' is available on our website, www.civilservice.gov.uk/pensions

The **Civil Service Compensation Scheme (CSCS)**

3.3.7 The **CSCS** provides compensation for civil servants whose employment is terminated under the following categories:

- voluntary exit (VE)
- voluntary redundancy (VR)
- compulsory redundancy (CR)

3.3.8 The **CSCS** covers most employees, including those who have opted out of the CSP arrangements.

3.3.9 It also provides compensation for civil servants on fixed-term appointments in certain circumstances.

3.3.10 You, as employer, meet the full costs of benefits paid under the CSCS, including early payment of pensions.
> See section 6.3 for more information about the categories of early departure and the circumstances in which they can be used.

The **Civil Service Injury Benefit Scheme (CSIBS)**

3.3.11 The **CSIBS** provides compensation to civil servants who suffer a qualifying injury while on duty, which reduces their earning capacity.

3.3.12 The **CSIBS** covers all civil servants, including employees who are not in the CSP arrangements.

3.3.13 You, as employer, meet the full costs of any injury that occurs after 1 April 1998.
> See Section 5 for more information on **CSIBS**.

The **Partnership Pension Account Death Benefit Scheme**

3.3.14 The **partnership** Pension Account Death Benefit Scheme provides lump sum death benefits to the dependants of those with a **partnership** pension account.

The **Partnership Pension Account Ill Health Benefit Scheme**

3.3.15 The **partnership** Pension Account Ill Health Benefit Scheme provides a lump sum to those with a **partnership** pension account if they are retired on ill health grounds.

Designated stakeholder pension scheme

3.3.16 Staff who are not eligible to join the CSP arrangements can open a designated stakeholder pension account. This is also open as a 'top up' to members belonging to one of the main pension schemes offered under the CSP arrangements**.**

3.3.17 Standard Life is the designated stakeholder pension provider.

3.3.18 You do not pay an employer contribution.

3.3.19 The employee can choose to have contributions taken directly from pay or they can pay by direct debit. If they choose to have contributions taken directly from pay, you will need to complete the 'employer' part of the application form, which the member must provide. You must provide:

- the first pay date
- name of employee
- employee's National Insurance Number
- net amount of employee contribution

- scheme number for the Civil Service, which is J55098.

3.3.20 You must give this information to Standard Life every time you make a payment from salary. You must also keep records so that you have an audit trail. You must pay over the employee's contributions as soon as possible after their pay date and make sure they are paid within the statutory time limit by the 19th day of the month following the payroll run.

Stakeholder

3.3.21 Where an employee has taken out a stakeholder pension other than the designated scheme the arrangement is purely between the employee and the provider. The scheme falls outside the CSP arrangements.

3.4

Civil Service pension Arrangements Scheme Flexibilities

3.4.1 The range of pension flexibilities are summarised in the tables below.

If you want to use any of these you should contact Cabinet Office, Scheme Management Executive SMEreferrals@cabinet-office.x.gsi.gov.uk.

Reserved Decisions to be referred to Cabinet Office, Scheme Management Executive	
Rule	**Description**
premium	
A.1(4)	**Agree pension age other than 60** The Cabinet Office would normally exercise this discretion where a group of staff were being transferred into the Civil Service or schedule 1 body. The discretion would be exercised in conjunction with rule F.13. The purpose of exercising the discretion is to ensure transferring staff have comparable pension rights when they join the Civil Service. The Cabinet Office could exercise discretion where an employer wanted to recruit someone with specialist skills. However, an employer would have to make a very robust business case for the Cabinet Office to agree a pension age lower than 60.
A.2(2)(b), A.2(3)(a), A.3(1)	**Remuneration counting as pensionable** • Employers need Cabinet Office approval for a new permanent allowance to be treated as pensionable. • Bonuses and allowance not paid on a permanent basis can only be treated as pensionable if the employer asks for Cabinet Office approval. • Where a person is on an unpaid absence in some

	circumstances their pension benefits are calculated by using assumed pay. Assumed pay normally replicates what the pension received before they started their unpaid absence. The Cabinet Office may increase the amount of pay if the employer gives good reasons for doing so.
A.3(2)(e)	**Unpaid leave counting as reckonable** The employer may ask the Cabinet Office to count as reckonable a period of unpaid leave. The Cabinet Office would only agree to the absence reckoning in exceptional circumstances.
B.1(5)(d)	**Exceptionally allow premium membership** The Cabinet Office may agree to a person joining **premium** rather than **nuvos**. This discretion would normally be exercised as part of a bulk transfer of staff and where TUPE terms apply. However, there may be some rare circumstances for example on re-employment where the Cabinet Office may exercise the discretion on an individual basis. Employers would need to make a robust business case as this would be exceptional treatment.
B.1A(2)(a)	**Allow former by analogy staff to join premium** Where a person leaves an analogous scheme and joins the Civil Service within 28 days the Cabinet Office may agree that the person joins **premium** rather than **nuvos**.

B.5(5)	**Opting back in effective date** Where a person who has had a partnership account decides to become an active member normally their option is effective from 1 April or 1 October. However, in exceptional circumstances the Cabinet Office may allow the option to become effective earlier.
C.1(2)(a)	**Employer contributions** An employer can ask the Cabinet Office to allow them to pay the member's contributions. This would be for example where the Cabinet Office has agreed that an unpaid absence may reckon, see rule A.3(2)(e).
C.2(2)	**Contribution rate other than 3.5%** On an individual basis the Cabinet Office may allow or impose a different contribution rate where an employer wishes to recruit an individual with specialist skills, see rule A.1(4).
C.11(1), (2) and C.11(2A)	**Employer buying added years on behalf of member** There may be exceptional circumstances where an employer may wish to buy added year of reckonable service for a member. Employers will need to make a business case to the Cabinet Office. If the Cabinet Office agrees the proposal then they will also decide the cost of the added years.
C.1.5(1), (3)(a), (3A), (4), (5), C1.6	**Employer or third party wishes to buy added pension for member** This is similar to employers buying added years, rule C.11(1). A third party may wish to buy added pension for a member. This is normally where the member has given time to Voluntary Service Overseas. In return that organisation buys added pension for the member.
D.3(3)(d)(ii) and M.1(1)(a)	**Determining if a scheme is analogous** This is for the purpose of rule B.1A(2)(a) above.
D.7A(1)	**Exceptional treatment for those whose pay has been reduced due to restructuring** Members whose pay reduces may have their pension calculated in a way that gives their accrued pension rights some protection. It is for the Cabinet Office to decide if the circumstances of the pay restructuring merit this treatment.
E.1(3)	**Withhold adult dependants pension where there is a death bed marriage** The Cabinet Office may decide not to pay an adult dependants pension if the couple married less than 6 months before the

	member's death.
F.12, F.13 and F.14	**Special terms for compulsory transfer of employment** The Cabinet Office may vary the application of the scheme rules where a group of staff are being bulk transferred into the Civil Service or schedule 1 body. This is to ensure that the scheme offers comparable terms to the sending scheme. Normally the Actuaries involved in the transfer terms will identify which areas require a Cabinet Office decision.

H.5	**Disapply abatement** A pensioner re-employed in an employment where the scheme applies is normally subject to abatement. In exceptional circumstances the Cabinet Office may decide that abatement will not apply or apply to a lesser extent. The rule specifically refers to 'special circumstance' so an employer would have to make a robust business case.
J.3	**Forfeiture** • Where a member has been convicted of offences under the Official Secrets Act that results in imprisonment of 10 or more years the Minister may withhold pension benefits. • If the Minister decides that a member has committed an offence connected to their employment which has been gravely injurious to the State or resulted in a loss of confidence in the public service their pension benefits can be withheld. The Cabinet Office decides the extent to which the member's benefits are forfeit. • A proportion of the member's benefits may be withheld where they have a monetary obligation to their employer. This monetary obligation must be the result of their criminal, negligent or fraudulent act or omission.
classic	
1.6aa	**Fluctuating emoluments** Bonuses and allowance not paid on a permanent basis can only be treated as pensionable if the employer asks for Cabinet Office approval.
2.10(ii) and (iv)	**Reckoning of reserved forces service and voluntary public service** The Cabinet Office may agree unpaid absence for one of these purposes may reckon.
2.24	**Grant of added years by employer** There may be exceptional circumstances where an employer may wish to buy added year of reckonable service for a member. Employers will need to make a business case to the Cabinet Office. If the Cabinet Office agrees the proposal then they will also decide the cost of the added years.
3.15	**Early payment of pension in compelling personal circumstances** The Cabinet Office may bring a preserved award into payment

	on an unreduced basis where the member, who is over their minimum pension age, has personal circumstances that prevent them from working. This would not generally include ill health as other rules apply in that circumstance. The member or former member must give the Cabinet Office the information listed in 3.3.24 of the Member's Benefits volume of the Pensions Manual. Financial hardship alone is unlikely to be sufficient reason for the Cabinet Office to agree early payment.
3.24e	**Exceptional treatment for those whose pay has been reduced due to restructuring** Members whose pay reduces may have their pension calculated in a way that gives their accrued pension rights some protection. It is for the Cabinet Office to decide if the circumstances of the pay restructuring merit this treatment.

3.26a	**Disapply abatement** A pensioner re-employed in an employment where the scheme applies is normally subject to abatement. In exceptional circumstances the Cabinet Office may decide that abatement will not apply or apply to a lesser extent. The rule specifically refers to 'special circumstance' so an employer would have to make a robust business case.
6.35 and 6.35za	**Modify application of terms for compulsory transferred staff** The Cabinet Office may vary the application of the scheme rules where a group of staff are being bulk transferred into the Civil Service or schedule 1 body. This is to ensure that the scheme offers comparable terms to the sending scheme. Normally the Actuaries involved in the transfer terms will identify areas that require a Cabinet Office decision.
8.2	**Forfeiture** • Where a member has been convicted of offences under the Official Secrets Act that results in imprisonment of 10 or more years the Minister may withhold pension benefits. • If the Minister decides that a member has committed an offence connected to their employment which has been gravely injurious to the State or resulted in a loss of confidence in the public service their pension benefits can be withheld. The Cabinet Office decides the extent to which the member's benefits are forfeit.

	• A proportion of the member's benefits may be withheld where they have a monetary obligation to their employer. This monetary obligation must be the result of their criminal, negligent or fraudulent act or omission.
14.6(1)	**Allow employer or third party to buy member added pension** This is similar to employers buying added years, rule 2.24.
14.6(5)	**To decide what third parties are allowed to buy added pension** A third party may wish to buy added pension for a member. This is normally this is where the member has given time to Voluntary Service Overseas. In return that organisation buys added pension for the member.
Appendix 1	**Pensionable allowances** Employers need Cabinet Office approval for a new permanent allowance to be treated as pensionable.
nuvos	
A.2(2)(b), (3)(a), (4)(b) and (5)(b)	**Pensionable remuneration** • Employers need Cabinet Office approval for a new permanent allowance to be treated as pensionable. • Bonuses and allowance not paid on a permanent basis can only be treated as pensionable if the employer asks for Cabinet Office approval. • The Cabinet Office can also agree the value of other payments that may be regard as pensionable.

A.3(1) and A.3(2)(g)	**Assumed earnings** Where a person is on an unpaid absence in some circumstances their pension benefits are calculated by using assumed pay. Assumed pay normally replicates what the pension received before they started their unpaid absence. The Cabinet Office may increase the amount of pay if the employer gives good reasons for doing so.
A.11(2)	**Disapply earnings cap** The amount of earnings allowed to count toward pension in any year is restricted to a permitted maximum. The Cabinet Office may allow the permitted maximum to be disregarded in exceptional circumstances.
B.4(2)	**Extend time limit to backdate option out** Where a member intends to opt out within 3 months the Cabinet Office may extend the time limit in exceptional circumstances.
B.6(5)	**Opting back in effective date** Where a person who has had a partnership account decides to become an active member normally their option is effective from 1 April or 1 October. However, in exceptional circumstances the Cabinet Office may allow the option to become effective earlier.
D.8(1)	**Allow employer or third party to by added pension on behalf of the member** There may be exceptional circumstances where an employer may wish to buy added pension for a member. Employers will need to make a business case to the Cabinet Office. If the Cabinet Office agrees the proposal then they will also decide the cost of the added years. A third party may wish to buy added pension for a member.
D.8(7)	**Decide what third parties may buy added pension** This is normally this is where the member has given time to Voluntary Service Overseas. In return that organisation buys added pension for the member. However, the Cabinet Office may decide another organisation may buy added pension for a member.
F.1(7)	**Withhold adult dependant pensions where there is a death bed marriage** The Cabinet Office may decide not to pay an adult dependants pension if the couple married less than 6 months before the member’s death.

G.12, 13 and 14	**Special terms for compulsory transferred staff** The Cabinet Office may vary the application of the scheme rules where a group of staff are being bulk transferred into the Civil Service or schedule 1 body. This is to ensure that the scheme offers comparable terms to the sending scheme. Normally the Actuaries involved in the transfer terms will identify which areas require a Cabinet Office decision.
J.5	**Disapply abatement** A pensioner re-employed in an employment where the scheme applies is normally subject to abatement. In exceptional circumstances the Cabinet Office may decide that abatement will not apply or apply to a lesser extent. The rule specifically refers to 'special circumstance' so an employer would have to make a robust business case.

3.5

Civil Service pension arrangements
Paying for Civil Service pensions

How do you pay for pensions?

3.5.1 Pension provision forms a significant part of the total reward package you offer your employees. When you are pay bargaining, you will need to consider the affordability of contributions you pay towards your employees' pensions.

3.5.2 Depending on the particular schemes members choose, they also bear a share of pension costs by making an explicit contribution from their salary.

3.5.3 You must give your payroll the information in this particular section so that they can correctly calculate the contributions for each of the schemes.

Table 1 gives an overview of what you must pay as employer, and also the percentage of contribution the member makes.

Table 1 **Paying for Civil Service pensions**

Pension Arrangement	Employer contribution?	Employee contribution?	Where do you pay the contributions?	When?
nuvos	Yes (see paragraph 3.5.4 onwards)	A percentage of **nuvos** pensionable earnings See section 1 Annex A for details	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run

Table 1 Paying for Civil Service pensions				
Pension Arrangement	**Employer contribution?**	**Employee contribution?**	**Where do you pay the contributions?**	**When?**
premium	Yes (see paragraph 3.5.4 onwards)	A percentage of **premium** pensionable earnings See Section 1 Annex A for details	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run
classic	Yes (see paragraph 3.5.4 onwards)	A percentage of **classic** pensionable earnings, See section 1 Annex A for details	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run
classic plus	Yes (see paragraph 3.5.4 onwards)	A percentage of **classic plus** pensionable earnings See section 1 Annex A for details.	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run

Table 1 Paying for Civil Service pensions				
Pension Arrangement	**Employer contribution?**	**Employee contribution?**	**Where do you pay the contributions?**	**When?**
partnership	Yes (see paragraph 3.5.12 onwards and Section 1 Annex)	Yes, but only if they choose to make a contribution	1) Main employee and employer contributions go to the pension provider 2) A mini ASLC of 0.8% of pensionable earnings for risk benefits goes to the Cabinet Office Civil Superannuation 3) Partnership is Contracted into the State Second Pension (S2P) contributions go to HM Revenue and Customs. Members can contract out of SP2 and the state will pay an age related rebate into a separate pension pot	1) As soon as possible after pay day and before 19th day of the month following the payment run 2) As soon as possible after pay day and before 19th day of the month following the payment run 3) As with normal national insurance payments

Table 1 **Paying for Civil Service pensions**				
Pension Arrangement	**Employer contribution?**	**Employee contribution?**	**Where do you pay the contributions?**	**When?**
Added pension (classic, classic plus and premium members only)	No, but you can buy Added pension for an employee for management reasons. (You must contact the Cabinet Office, Scheme Management Executive before doing so)	Yes, age related – see section 3.4 & section 5 on Added pension	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run
CSAVCS	No – unless you choose to. See Scheme flexibilities, Section 3.4.	Yes, see section 3.3 on CSAVCS	To the pension provider	As soon as possible after pay day and before 19th day of the month following the payment run
Designated stakeholder pension scheme	No	Yes. See section 3.3	Standard Life (if member chooses to have deductions taken directly from pay)	As soon as possible after pay day and before 19th day of the month following the payment run

Table 1 **Paying for Civil Service pensions**

Pension Arrangement	Employer contribution?	Employee contribution?	Where do you pay the contributions?	When?
Supplementary (Earnings Cap) Scheme	Yes – as advised by the Cabinet Office, Scheme Management Executive.	A percentage of your pensionable earnings over the earnings cap without tax relief.	Cabinet Office Civil Superannuation	As soon as possible after pay day and before 19th day of the month following the payment run.
Civil Service Injury Benefit Scheme (CSIBS)	You pay for the costs of injuries that happened after 1 April 1998.	No.	No contributions. Benefits are paid from Cabinet Office Civil Superannuation and recovered from employers.	When benefits are due.
Civil Service Compensation Scheme (CSCS)	Yes, you are responsible for paying the full cost of compensation for early leavers.	No – except for **classic** members who pay WPS contributions on any enhancement of service under the scheme.	The Annual Compensation Payment is paid out from Cabinet Office Civil Superannuation but the amount is recovered each month by Capita Hartshead	When benefits are due. See Section 6.

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

3.5.4 The contributions you pay for members in these schemes are collectively known as Accruing Superannuation Liability Charges (ASLC). Cabinet Office, Scheme Management Executive set the ASLC rates on advice from the Government Actuary's Department (GAD), the scheme actuary. You pay a percentage based on salary of which there are 4 bands. GAD review the salary bands each year and, usually in September, we tell you in an EPN the salary bands and ASLC rates that will apply from the following April. Contribution percentages (usually) change less frequently, about every four years. Again, we will tell you when they do in an EPN.

Standard ASLC rates

3.5.5 Annex 3A sets out the salary bands and rates of charge you must use.

Non-Standard ASLC rates

3.5.6 In some circumstances you may want to offer individual pension arrangements for a special or senior appointment. You must get approval from the Cabinet Office, Scheme Management Executive on all non-standard arrangements. You must consult the Cabinet Office, Scheme Management Executive in advance so that we can assess the extra costs and agree an ASLC percentage. Our contact details are in Section 1.

Calculating the ASLC

Step1 Calculate permanent pensionable earnings

A member's permanent pensionable earnings are their basic pay plus any allowances that they are paid at the same rate each month.

This includes non-cash pensionable benefits such as uniform allowances and you should ignore any reduction in pay that results from a salary sacrifice arrangement.

If the member works part time you need to identify the correct ASLC salary band by calculating the full-time equivalent salary to ensure the correct percentage contribution is used.

You only pay contributions up to the earnings cap, (please note the earnings cap does not apply to **nuvos** scheme).

Step 2 Look up the percentage rate

You should use the permanent pensionable earnings you have calculated in step 1 to decide which percentage rate applies to the member. The percentage rates that apply to each salary band can be found in Section 1 Annex 1B.

Step 3 Calculate actual pensionable earnings

You should calculate the actual pensionable earnings that you will be paying the member for this month. Please note that for this step you should use the actual rate of pay for a member who works part time, not the full time equivalent. If the member's earnings are restricted by the earnings cap, then you should only use pensionable earnings up to the earnings cap.

Step 4 Apply the percentage

The ASLC you should pay for this member is the percentage from step 2 applied to the earnings figure from step 3.

Example

A member works part time on half the normal conditioned hours and earns £12,000 a year. This month they will receive a pensionable bonus* of £100.

Their permanent pensionable earnings are £24,000 (FTE)

The relevant percentage rate (2011-2012 ASLC rates) is 18.8%
Their actual pensionable earnings for this month are £1000 basic pay plus a bonus of £100. The total is therefore £1100.

Therefore, the ASLC you should pay is 18.8% of £1100, which is £206.80.

*Bonuses are generally non-pensionable. If you wish to make a bonus pensionable you must seek authorisation from the Cabinet Office, Scheme Management Executive first.

3.5.7 You must pay the ASLCs once the month's calculations have been completed, together with the appropriate employees' contributions, including Added pension , to Cabinet Office Civil Superannuation. For methods of payment and where to send them, see Annex 3A.

3.5.8 You must also send us a breakdown report of the pension contributions when you pay us. A template of the report is in Annex 3B. You must email the report to us at csvote@cabinet-office.x.gsi.gov.uk or, if you do not have e-mail facilities, send it by post. Do not send supporting documentation to us. We only require the Annex 3B report.

Other considerations when calculating contributions for **nuvos, premium, classic and classic plus**

When service only covers part of the month

3.5.9 If service begins or ends with part of a month, your payroll must calculate the ASLC using the percentage rate for the relevant full-time salary band for a whole month and apply that to the actual amount of pensionable earnings.

Pay arrears and calculating the ASLC

3.5.10 Pay arrears do not take a member into a higher salary band unless the new annual full time salary takes them into a higher band.

Calculating the ASLC where member is paid other than monthly

3.5.11 When a member is paid other than monthly - for example, every week - the ASLC calculation must be done at the end of each month and include figures from all pay dates for that member that fall in that month.

partnership pension accounts

Employer contributions

3.5.12 Employer contributions to **partnership** pension accounts come in three parts:

• You pay an age-related contribution, based on the employee's age at the beginning of the current tax year (6 April last). You pay this regardless of whether or not the employee chooses to contribute. See Section 1 Annex C.

• You match the employee's gross contribution up to a maximum of 3%.

• You must also pay a mini ASLC of 0.8% of pensionable earnings to cover the cost of risk benefits as a result of death-in-service or ill health retirement. You pay this mini ASLC to Cabinet Office Civil Superannuation by using any one of the methods detailed in Annex 3A. You must also complete the '**partnership**' box on the breakdown report (see Annex 3B) and send it to us as soon as you make the payment.

3.5.13 In some cases, you may want to pay a higher contribution than the standard age-related rate. You can do this as long as you can justify that it is necessary to recruit or keep the member. You must report these cases to the Cabinet Office, Scheme Management Executive.

3.5.14 **partnership** contribution percentages could change in the future.

3.5.15 You calculate the age-related contributions using gross pay. You must take care when working out matching contributions, as the aim is to match on a gross basis. This means that the amount the employee pays to the provider and your matching contributions are not in fact the same.

3.5.16 You only pay matching contributions to match the employee's regular contributions. If an employee decides to make a one-off lump sum contribution, you will not have to pay a matching contribution. If you choose, you can help the employee to pay lump-sum contributions through the payroll. However, the providers are happy to receive lump sums by cheque direct from the employee.

Employee contributions

3.5.17 Employee contributions are worked out before deduction of basic rate tax and are taken from the employee's net pay. This applies whatever the tax status of the employee.

Completing the schedule which accompanies payments

3.5.18 Each time you make a payment to a **partnership** pension provider, you must send them a schedule giving the details of employee and the corresponding contributions. You must do this via choose web-based scheduling; see Section 4.2 for full details.

Paying contributions when a member has built up maximum years' service

Effect on **classic** members

3.5.19 The limits to reckonable service under **classic** are:
- 40 years by the scheme pension age (age 60 for most members)

- if a member is re-employed after the pension age, re-employed reckonable service is limited to 5 years; 45 years in total.

- from 1 March 2008 the service limit will be 45 years for all. Service accrued before 1 March 2008 will remain limited as described in the above two bullets.

3.5.20 You continue to pay the employer and employee contributions even if the member has reached one of the above limits. When the member leaves, Capita Hartshead refunds any excess employee contributions to the member.

Effect on **classic plus** & **premium** members

3.5.21 Member contributions should stop when the member has built up 40 years service. (45 years after 1 March 2008) (However ASLCs should continue to be paid) You will need to liaise with MyCSP on how they can provide you with this information.

Effect on **partnership** members

3.5.22 Contributions continue regardless of the number of years' service the member has built up. However, they must take their pension benefits between the ages 55 – 75.

Effect on **nuvos** members

3.5.23 Reckonable service is not applicable to **nuvos**, but a member's pension will be restricted to 75% of their final pay.

Effect on contributions when a member is on secondment

3.5.24 You must clarify and agree with the member and with the borrowing employer which pension scheme the member belongs to before secondment begins. Section 5 gives information on the things you need to consider when allowing someone to go on secondment. Table 2 (over page) gives an overview of what payment arrangements are needed depending on the type of secondment.

3.5.25 The borrowing employer normally pays the ASLC**,** or employer contributions if the member is in **partnership**. However, according to the agreement, the member, or the member and the employer borrowing them, can pay it instead. (The member must pay through the employer)

Table 2 Member stays in the CSP arrangements during secondment	
nuvos, classic, classic plus and **premium**	
Member	**Payments**
The member remains in the CSP arrangements and continues to receive a salary from their employing department.	You must continue to pay an ASLC and the member's contributions to Cabinet Office: Civil Superannuation as normal.
The member remains in the CSP arrangements and receives a salary from the employer borrowing them.	You must pass the ASLC payments that you receive from the borrowing employer and the member's pension contributions to Cabinet Office: Civil Superannuation.

Partnership	
Member	**Payments**
The member wishes to remain in **partnership** irrespective of whether you or the borrowing employer pays the salary.	You continue to pay over contributions to the provider. You also continue to pay the mini ASLC. Your employer contributions will be based on the member's notional Civil Service salary.
The member is paid by the borrowing employer and wishes to join their pension scheme whilst on secondment. (They cannot join the borrowing employer's scheme and continue to be in **partnership**)	The member has the options of: • Having their **partnership** account put on hold for the duration of their secondment. You must let the provider know by completing the **partnership** 'change of circumstances' form (Note 1) and attach an explanatory note that you will not be paying contributions for the member whilst they are on secondment. (There will be no need to send any subsequent notification until the member returns to your employment) • Closing their account and transferring their fund to the borrowing employer's pension scheme • Convert their account to a stakeholder account and arrange to continue/make individual contributions.

Note 1. You can find a copy of this form on our website www.civilservice.gov.uk/pensions

National Insurance and pensions

3.5.26 **nuvos**, **premium**, **classic** and **classic plus,** are 'contracted-out' schemes. This means that you and the member pay National Insurance contributions at a reduced rate. **partnership** members pay the standard rate. You can find further information on the rates you need to apply by visiting www.hmrc.gov.uk.

3.5.27 Our Employer's Contracting-out Number (ECON) is:
E3900004Y.
Our Scheme Contracting-out Number (SCON) is:
S2730001D
You will need to quote these in your end of year submission to HM Revenue & Customs.

3.5.28 Where **classic, classic plus** and **premium** members reach the maximum number of years they can contribute to their respective scheme, you will continue to treat them as contracted out of S2P up to state pension age. This is because they are considered still to be in contracted-out employment.

Changes to the Civil Service pensions' structure

3.5.29 The Cabinet Office, Scheme Management Executive is responsible, on behalf of the Civil Service Minister, for making any changes to the benefit structure of each of the schemes. If we make any improvements to the benefit structure, we have to consider the impact on you, the employer.

3.5.30 The Cabinet Office, Scheme Management Executive will meet with a representative body of employing departments to consider any significant changes in our scheme structure. Major changes are discussed with the Cabinet Secretary and representative Permanent Secretaries. Under the Superannuation Act 1972, we must consult with the Trades Unions about any proposed changes.

3.5.31 If we introduce any changes to the contributions, we will announce them in an EPN as far in advance as possible so that:

- you can give sufficient notice to staff should employee contributions change, and
- you can factor in increased ASLCs in your overall pay reward budget and pay negotiations.

Making elements of pay pensionable

See Section 10.

Annex 3A

How do you pay over **ASLCs**?

You should, wherever possible, pay **Cabinet Office Civil Superannuation** by one of the following methods:

BACS, CHAP's, Faster Payment or Internal Transfer to sort code 08-33-00, account number 12528800, account GBS RE CO Civil Superannuation:

Where, exceptionally, you cannot pay electronically, please send a cheque made payable to **Cabinet Office Civil Superannuation** to

FEM Pension Finance Team,
Cabinet Office,
Priestley House,
Priestley Road,
Basingstoke,
RG24 9NW.

You must complete the schedule in Annex 3B and send it to the Cabinet Office, FEM Pensions Finance team every time you make a payment.

Annex 3B

Breakdown of the Monthly Pension Contributions

Email: CSVote@cabinet-office.x.gsi.gov.uk

FEM Pension Finance Team
Cabinet Office,
Priestley House
Priestley Road
Basingstoke
Hampshire, RG24 9NW

Breakdown of the Monthly Pension Contributions

Employing Department			
	Employers (ASLCs)	**Employees**	**Added Years or added pension contributions**
classic	£	£	£
premium / classic plus	£	£	£
nuvos	£	£	£
partnership	£		
Total	£	£	£

PAYMENT TO **CABINET OFFICE CIVIL SUPERANNUATION** £

For the month of:

Contact name
Telephone number
Email Address
Date