

# Employer Pensions Notice

## EPN 228

### Scheme amendments

#### Changes to:

- **Principal Civil Service Pension Scheme**  
**partnership pension Account III Health Benefits Scheme (PPAIHBS)**

#### Audience This Notice will be of particular interest to:

- **HR Managers, Policy Managers and policy teams**
- **Payroll Managers**

**Action**      **To note scheme changes outlined below, and take appropriate action**

**To note the removal of the health standard for partnership pension account members backdated to 1 January 2007.**

**To identify staff excluded from the PPAIHBS on health grounds and write to tell them that they are now eligible for ill health provisions on all their service (see paragraphs 8-9)**

**Timing**      **Immediate**

#### Background

1. Amendments to the PCSPS and PPAIHBS have been laid before Parliament. Detailed guidance has been issued to APACs but the main issues for you are outlined below.

## Amendments to the PCSPS

2. **Purchase of added pension by third party** – The Government recently announced an initiative aimed at encouraging public servants to take up placements with the Voluntary Service Overseas (VSO). Public servants who take up such placements would be offered compensation for loss of pension for the period they were away in the form of a direct pension contribution from the VSO. To date, added pension in the Civil Service pension scheme could only be bought by the member themselves, or by their employer.
3. The rules have now been amended to also allow added pension to be bought by a third party (eg; VSO). Only third parties approved by Cabinet Office will be allowed to buy added pension for a member, and each individual purchase by a third party must be agreed by Cabinet Office. **You must notify the Cabinet Office (via the Employer Helpdesk) if you receive a request to buy added pension for one of your employees by a third party.**
4. **Pension protection for members whose pensionable earnings are reduced as a result of pay restructuring** – The rules of the final salary sections of the Civil Service pension scheme (i.e. **classic**, **classic plus** and **premium**) have been amended to provide pension protection in certain circumstances where a member suffers a reduction in their pensionable earnings as a result of pay restructuring. (This might occur where, for example, an individual's basic pay is reduced but they receive more in the way of non-pensionable allowances.)
5. Where these provisions are applied, on leaving, the member will receive the better of:
  - i. a pension calculated in the normal way (i.e. based on their total reckonable service and the pensionable earnings at the time of leaving); or
  - ii. a pension based on their reckonable service and pensionable earnings immediately before the pay restructuring, plus a second pension based on their reckonable service since the pay restructuring and their pensionable earnings at the time of leaving.
6. Use of these provisions is expected to be very exceptional and will in all cases be dependant upon Cabinet Office agreement. **If you are considering pay restructuring and may wish to make use of these provisions, you must raise this with Cabinet Office (via the Employer Helpdesk) at the earliest opportunity. Do not make any commitments to your employees in relation to this until you have received Cabinet Office agreement to the use of these provisions.**

7. **Ill-health retirement while disciplinary action being taken** - The rules of **premium** have been amended to allow Ministerial discretion to withhold an ill health early retirement pension. This brings the rules in line with those of the other sections of the PCSPS and allows for medical retirement to be refused in disciplinary action cases.

#### Amendments to the PPAIHBS

8. Some restrictions have applied to **partnership** members on access to the ill health provisions of the PPAIHBS, in particular where a known condition is likely to lead to the member leaving early on ill-health retirement. These restrictions were removed from the PCSPS on 1 January 2007 (EPN 157 refers). Unfortunately changes to the PPAIHBS were overlooked at that time. We have now removed these restrictions from the PPAIHBS and backdated the change to 1 January 2007. This means that new joiners to **partnership** will no longer need to complete a health declaration form.  
  
**partnership** members who were previously excluded from the provisions of the scheme are now entitled to the benefits based on all their **partnership** service if they are subsequently retired on health grounds.
9. You must identify members of **partnership** who are currently excluded; either using your own records or those of your APAC, and write to those involved using the model letter attached at Annex A. There is no change required to employee or employer age related contributions and the mini accrued superannuation liability charge will remain at 0.8%.
10. Those who join the service on or after 30 July 2007 and open a **partnership** account will have the pension age of 65 for the purpose of the PPAIHBS.

**Scheme amendments  
Changes to: Principle Civil Service Pension  
Scheme  
Partnership pension Account III Health  
Benefits Scheme**

EPN 228

**Contacts** Enquiries about content, distribution or to receive in a different format

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You can find electronic copies of the EPG, all current EPNs and forms on our website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk) in the Guidance for employers section.

If this notice is to be circulated to members, then please remove contact details as the helpdesk is for employers only. Members should be directed to your pensions administrator if they have any queries.

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**Annex A**

**Model Letter**

**Ill-health retirement benefits – removal of Health Standard**

Dear

I am writing to you about changes that are being introduced to the **partnership** pension Account III Health Benefits Scheme. These changes affect you.

As you know, since you joined **partnership** you have been excluded from eligibility for ill health retirement. Cabinet Office, as managers of the partnership pension account, have changed the rules to the PPAIHBS and backdated the change to take effect from 1 January 2007. This means that you are now eligible for the partnership ill health benefits should you be retired on health grounds in the future.

Yours sincerely