

# ANNEX A

## Office Notice 1

### Civil Service Pensions

You should read this office notice if you:

- are a member of the **classic** Civil Service pension scheme; and
- you have 'preserved pension benefits' from a previous period of employment in the Civil Service. You will have preserved pension benefits if you worked in the Civil Service long enough to qualify for a pension – the qualifying period is currently two years (Before 1988 the qualifying period was 5 years).

The tax rules that limit the amount of pension benefits that you can build up are changing on 6 April 2006. One of the changes is the introduction of an annual allowance for the amount by which the value of your pension rights can increase in any year before you have to pay tax. This is likely to affect very few people.

If you have preserved pension benefits from a previous period of reckonable service and you are in the **classic** pension scheme you will have a choice when you leave the scheme or reach pension age. You can choose:

- to have separate pensions; or
- to aggregate your periods of service into one pension.

If you decide on or after 6 April 2006 to aggregate your service any increase in the value of your pension entitlement will count towards the annual allowance. If the aggregation puts you over the annual allowance you will have to pay tax. However the annual allowance will not apply in the tax year in which all your benefits in the scheme come into payment.

The Cabinet Office, who manage the Civil Service Pension scheme have decided to give **classic** members currently working in the Civil Service a one-off option to aggregate their two periods of reckonable service before 6 April 2006.

Our Authorised Pension Administration Centre (**APAC**) [insert **name of APAC**] will send all affected members details of the options available to them. If you are in **classic** and have preserved benefits, you should receive one of these letters by 16 December. We recommend that you read carefully the information sent to you as this is an important choice. If you have any questions about aggregation you should contact [insert **name of APAC and contact details**].