



# Employer Pensions Notice

## EPN 233

### Overpayment of Civil Service pensions - enquiries from pensioners

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

- HR Managers, Policy Managers and staff with pension responsibilities

**Action** Policy and HR Managers are asked to:

- Note the contents of this EPN;
- Ensure that your staff know what to do if they receive any enquiries from pensioners about an overpayment of their Civil Service pension

**Timing** Immediate

#### Issue

Capita Hartshead wrote yesterday, Monday 15 December, to around 16,000 of the 569,000 Civil Service pensioners to tell them that there has been an error in the calculation of their pension and that, as a result, they have been overpaid. The letter gives details of a helpline number and e-mail address that pensioners should contact should they have any questions about the letter. A copy of the letter and explanatory note sent to those affected is attached for your information at Annex A.

**This problem only affects those who are drawing their scheme (and State) pension. It does not affect active or deferred members.**

#### Background

The reason for the overpayment is complicated but is to do with the way some pensioners' pensions were increased each year after they began to draw their State retirement pension.



We have been working closely with those departments involved to try to ensure that this problem does not occur in future.

**Action**

Pensioners have been instructed to contact Capita Hartshead if they have any questions about the letter. You should pass any enquiries to Capita Hartshead's dedicated helpline number and e-mail address. Details are:

**Capita Hartshead**

**Telephone: 0800 1412858**

**Fax: 0870 169 9720**

**E mail: [gmp.enquiries@capita.co.uk](mailto:gmp.enquiries@capita.co.uk)**

**Address: PO Box 208**

**Darlington**

**Co Durham**

**DL1 9HG**

**Please do not give out Capita's usual contact details.**

**Reference**

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

**[employerhelpdesk@cabinet-office.x.gsi.gov.uk](mailto:employerhelpdesk@cabinet-office.x.gsi.gov.uk)**

**01256 846414**

**Employer Helpdesk, Civil Service Pensions, Grosvenor House, Basing View, Basingstoke, RG21 4HG**

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.

**Annex A - Letter from Capita Hartshead to Civil Service pensioners**

Dear <<pensioner name>>

In checking our records for Civil Service pensioners we have found that you have been paid too much pension for some time. We are sorry that this has happened.

Unfortunately, you are one of a number of Civil Service pensioners who have been overpaid. The Cabinet Office has, exceptionally, agreed not to ask affected pensioners to repay the overpayments. You need not worry, therefore, about having to pay money back. However, we are sorry to have to tell you that we will have to correct your pension. We will make the adjustment to your pension at the same time as we apply the pension increase from 6 April 2009. We are doing it at this time so that the increase will help to offset any reduction.

Due to the complex nature of the calculations we cannot yet tell you how much your pension will be from April. We are writing to you now because we believe we have a responsibility to tell you directly and it is possible that the overpayment of Civil Service pensions may become public knowledge before we complete our calculations.

**The reason for the overpayment**

The problem is to do with the way your Guaranteed Minimum Pension (**GMP**) should be increased each year after you start to get your State retirement pension. We explain the way this works in the newsletter you get with your payslip each year. Cabinet Office has produced a note which explains in more detail why your pension has been overpaid. We have included a copy with this letter.

**Next steps**

We are sorry that we cannot give you more information at this time. We expect to complete our work on recalculating pensions for all those affected by no later than the end of January, 2009. We will then write to you again telling you the effect on your pension.

**Further information**

We understand that you may have questions about this letter. We have set up a dedicated helpline **0800 1412858**. However, until we have completed the work on recalculating pensions

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there is little specific information that we can give you. Further information, as it becomes available, will be given on the pensioner website [www.csp.capitahartshead.co.uk](http://www.csp.capitahartshead.co.uk)

Please accept our sincere apologies for the inconvenience this situation has caused you.

[Colin Fowler]

Director of Scheme Administration

Civil Service Pensions

## **Explanatory note to pensioners**

### ***Your pension payments***

This note explains the background to why you have been overpaid and why we need to correct the amount of pension we pay you.

Both the overpayment you have received and the correction to your pension are to do with your Guaranteed Minimum Pension (**GMP**) and the way pensions increases have been applied to it. This is a complicated area so please take time to read this leaflet.

### ***What is a GMP?***

A GMP is the minimum pension which an occupational scheme must provide as one of the conditions of contracting out for service before 1997. The Civil Service scheme is contracted out of the State Second pension, previously known as State Earnings Related Pension Scheme (SERPS). If you or your deceased spouse were employed by the Civil Service between 6 April 1978 and 5 April 1997 you will have earned a GMP.

GMP is not a separate benefit paid in addition to your Civil Service pension but the pension we pay you must equal or exceed your GMP.

HM Revenue and Customs work out the level of your GMP. Your GMP comes into force normally when you ask for your State pension to be paid to you. (There are circumstances when the GMP comes into force at a later date but the effect on your Civil Service pension is the same).

### ***What is pensions increase?***

Your pension is increased each year to reflect rises in the cost of living. The annual percentage increase in public service pensions is the same as that applied to additional State retirement pensions and other Social Security benefits.

### ***How is pensions increase applied to my GMP?***

The Civil Service pension scheme pays increases on the whole of your Civil Service pension, including the GMP element, until your GMP comes into force. At this point your Civil Service pension is paid as follows:

- for service up to 5 April 1988

The Government will pay the pensions increase relating to the GMP you earned up to this date with your State pension.

- for service between 6 April 1988 and 5 April 1997

The Civil Service Pension Scheme will pay increases on the GMP you earned in this period up to 3% each year. In years when the increase is more than 3% the Government will pay the balance with your State pension.

***What effect does this have on the pension you pay me?***

When your GMP comes into force the National Insurance Contributions Office (NICO) tells the Civil Service Pension Scheme the amount of your GMP. We then adjust our records to reflect the fact that the Government now pays some of the annual pensions increase on the GMP element of your Civil Service pension with your State pension. The overall increase in your pension will however be the same.

***So why have I been overpaid?***

Unfortunately we have learned that the transfer of GMP data was not always successful. This means that your Civil Service pension has not been adjusted to reflect the fact that an element of the pensions increase is being paid with your State Pension.

As a result you have received increases twice; once from the Civil Service scheme and again with your State pension. This means we are paying you too much pension.

***Why must you correct my pension?***

The Civil Service pension and GMP arrangements are statutory. You can only receive the amount of pension that you are entitled to under the scheme rules, increased each year under the Pensions (Increase) Act 1971 and Social Security legislation.

Where someone is receiving more than they are entitled to, the correct level of pension must be put into payment.

We will make the adjustment to your pension at the same time as we apply the pensions increase from April 2009. We are doing it at this time so that the increase will help to offset any reduction.