**MESSAGE FROM SIR BOB KERSLAKE: JANUARY PENSIONS UPDATE**

Dear colleagues,

As part of the pension reform process, the Government is increasing member contributions to the main public service pension schemes by an average of 3.2% of pay over three years from 2012. The Government has today announced the further increases to the contribution rates that some civil servants will pay to their Civil Service pension from April 2013.

Members of the **classic**, **premium**, **classic plus** and **nuvos** schemes will be affected. These increases do not apply to those who earn less than £15,000 (salary and pensionable allowances on a full time equivalent basis).

A table of the increases by pay band and scheme is provided below.

|  |  |  |
| --- | --- | --- |
| Annual Pensionable Earnings (full-time equivalent basis) | **classic** scheme | **premium**, **classic plus** and **nuvos** |
| Current contribution rate | New 2013 contributions  | Current contribution rate | New 2013 contributions  |
| Up to £15,000 | 1.50 | 1.50 | 3.50 | 3.50 |
| £15,001 - £21,000 | 2.10 | 2.70 | 4.10 | 4.70 |
| £21,001 - £30,000 | 2.70 | 3.88 | 4.70 | 5.88 |
| £30,001 - £50,000 | 3.10 | 4.67 | 5.10 | 6.67 |
| £50,001 - £60,000 | 3.50 | 5.46 | 5.50 | 7.46 |
| Over £60,000 | 3.90 | 6.25 | 5.90 | 8.25 |

*NB: Your employer will continue pay the majority of the cost of your Civil Service pension through the employer contribution (currently 18.9% of pay on average).*

Contributions are deducted from your gross pay before Income Tax is deducted, giving you tax relief. This means, if you pay tax, your take home pay will not be reduced by the full amount of the increase.

In order to see what this might mean for your pension contributions please use the contributions calculator that can be found at the pensions reform section of the Civil Service website at the following address <http://www.civilservice.gov.uk/pensions/reform/contribution-increases> .

At the same section of the website you will also find a document with some frequently asked questions and answers, and some case studies. There is also further information about the new Civil Service pension scheme which will be introduced for most civil servants from April 2015.

I recognise that this will impact most of you but your Civil Service pension will remain a very effective way to save for your retirement and the benefits will remain far greater than those on offer from most other employers. It is still a very important element of your overall reward package.

Best wishes,

**Sir Bob Kerslake**

**Head of the Civil Service**