



# Employer Pensions Notice

## EPN204

### Pension reform:

- (i) Information for scheme members about partial retirement**
- (ii) Payroll implications of increase in service limits**

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

- **HR Managers and staff responsible for:**
  - pensions communications
  - liaison with your pensions administrator
  - policy on flexible working arrangements and workforce planning
  - administration of HR processes
- **Payroll Managers**

- Actions**
- **Issue the enclosed pension reform newsletter 3 to staff**
  - **Make sure that your staff have access to the partial retirement guidance (including the 'Application for job reshaping form') and Q&A**
  - **Make sure that you have procedures in place to process the application form and to send it to your pensions administrator**
  - **Liaise with your pensions administrator about restarting contributions of certain premium and classic plus members.**



- Timing**
- (i) **Partial retirement** - you must issue the newsletter **immediately** (members can take partial retirement from 1 March 2008 onwards, and your pensions administrator will be able to provide partial retirement quotes from mid-February).
- (ii) **Service limits** - you must liaise with your pensions administrator to ensure that you resume contributions by relevant **premium** and **classic plus** members in the **March payroll**.

## Background

1. EPN 199 told you about the introduction of partial retirement from 1 March 2008 and the need to introduce a process for handling enquiries and applications from employees for job reshaping.
2. EPN 177 told you about other aspects of the reform of the Civil Service pension arrangements, including the increase in the limit on the service which counts towards pensions. The limit will increase so that **classic**, **classic plus** and **premium** members who are capped at 40 years will be able to build up further service from 1 March 2008 up to a maximum of 45 years in total.
3. EPN 200 announced changes to the Employers' pension guide (EPG), including information on paying contributions when a member has built up the maximum years' service (paragraphs 3.5.19 to 3.5.21).

## Partial retirement

4. The following information and guidance is now available for scheme members:
  - Civil Service pension reform: newsletter 3 (enclosed with this EPN)
  - Q&A to support newsletter 3
  - 'Partial retirement – a guide for scheme members', including an application form
  - Calculator on Civil Service Pensions website to illustrate the effect of partial retirement on future income and pension, including abatement if applicable
  - Web page on Civil Service Pensions website (under Pension Reform) with links to all information and guidance.
5. You should issue the Pension Reform Newsletter 3 to staff and make the Q&A and other guidance available to them as soon as possible.

### Web access

6. If your staff do not have internet access to the Civil Service Pensions website, you should place the information and guidance on your intranet. If you want us to send you the materials via email, please contact the Employer Helpdesk ([employerhelpdesk@cabinet-office.x.gsi.gov.uk](mailto:employerhelpdesk@cabinet-office.x.gsi.gov.uk)).

### Booklet

7. Please note that the booklet 'Partial retirement – a guide for scheme members' is currently available on the Civil Service Pensions website as a PDF document. We are producing a designed version of the booklet (which will be available in hard copy to order) and we will tell you when it is ready.

### Applications

8. The booklet, 'Partial retirement – a guide for scheme members', includes a form for members to use to apply for job reshaping and a partial retirement quote. As noted in EPN 199, you must make sure that you have procedures in place to process the form and to send it to your pensions administrator. The form requires you to provide details of the member's earnings in the current and reshaped jobs (please note that for **classic**, **classic plus** and **premium** members who have already reshaped their job after reaching pension age, "current job" should be interpreted as the job before reshaping).
9. Your pensions administrator will be able to provide partial retirement quotes to members from mid-February, providing that they receive forms which have been fully completed by you and the member. The quotes will give members an estimate of the benefits they would receive on partial retirement if they chose to take all of the pension they had built up, and will ask members who decide to proceed with partial retirement to complete a form indicating how much pension they wish to take.

### Implications for increase in service limits for payrolls

10. The increase in service limits from 1 March 2008 will have an impact on contributions payable by some **premium** and **classic plus** members. Contributions are not payable by **premium** or **classic plus** members once they have built up the maximum service counting towards their pension. Your pensions administrator currently advises you of any **premium** or **classic plus** members who have built up 40 years' service so that you can stop the contributions being deducted from their pay. You will need to liaise with your pensions administrator to identify these members so that you can restart the deduction of contributions from 1 March 2008 (and continue the deductions until they have built up the new maximum service of 45 years).

11. The increase in service limits will have no impact on the Accruing Superannuation Liability Charges (ASLCs) payable by employers. You currently continue to pay ASLCs even after a member has reached the service limit, so the increase will have no effect. Similarly, there will not be any change to the “WPS” contributions payable by **classic** members as these also currently continue after the service limit has been reached.
12. If you have any general queries about the new arrangements you should contact the Employer Helpdesk.

**Reference** This document refers to EPN 177, 199 and 200.

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

**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.