

EMPLOYEES PENSION NOTICE

FROM: CIVIL SERVICE PENSIONS

DATE: 24 FEBRUARY 2010

TO: ALL STAFF

IMPORTANT PENSIONS NOTICE TO ALL STAFF IN NICS

PRINCIPAL CIVIL SERVICE PENSION SCHEME (NORTHERN IRELAND) [PCSPS(NI)] – SCHEME CHANGES

In Employees Pension Notice ‘**Civil Service Pensions and the Pre-Budget Report**’ issued on 16 December 2009, Civil Service Pensions notified you of plans to introduce provisions for cost-capping and cost-sharing in the PCSPS(NI) from April 2012. The rules of the Scheme have now been amended to accomplish this.

These rule changes have been made as part of the Government programme of pension reform. The reform programme is intended to make pension arrangements affordable, sustainable and appropriate to meet the needs of employers and staff. In common with the Home Civil Service Scheme, the PCSPS, and other major public service schemes, the rules of the PCSPS(NI) now contain a process for sharing the effect of cost increases between employers and scheme members.

What will this mean in practice

Civil Service Pensions does not expect any changes until April 2012 at the very earliest. The PCSPS(NI) will be subject to a routine valuation as at 31 March 2010. If the valuation shows that costs have gone down the savings made will be held in

reserve to be offset against any cost increases which may occur in future. If costs go up **employers** will pay an increased contribution from April 2012 but this will be capped at 20% of pay. (Employers currently pay 19.5%). The Department of Finance and Personnel must then produce a plan to handle the employee share of extra costs.

PCSPS(NI) Governance Group and future changes

The Department of Finance and Personnel has established a new **PCSPS(NI) Governance Group** made up of representatives from NICS employers and the industrial and non industrial trade unions. The Governance Group will be involved in the Scheme valuation process and will report on a range of options to handle any increased employee scheme costs. These will include options which avoid members, especially the low-paid paying more. The Westminster Government has made a policy statement that, when implementing cost-sharing and capping, public service schemes should require senior staff to pay a higher level of contribution than other scheme members. Any proposals to change the level of PCSPS(NI) employee contribution rates from April 2012 will be subject to the normal consultation process with the TUS which applies for all PCSPS(NI) rule changes.

The amended rules of the PCSPS(NI) are available to view on the PCSPS(NI) website at: www.civilservicepensions-ni.gov.uk .

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