

## Information for members of the Research Councils' Pension Scheme

### Changes to Defined Contribution Pension Arrangements

#### What Do I Need To Know

The Civil Service Defined Contribution (DC) pension arrangements are changing in September 2018 which affects the DC options available to RCPS members.

These changes do not affect the Defined Benefit (DB) arrangements; Classic, Classic Plus, Premium or Nuvos, nor the Added Pension option members have.

#### Background

Civil Service Pensions have offered scheme members the ability to take part in three different DC arrangements as an alternative way of saving towards their retirement.

The Cabinet Office as Scheme Manager are responsible for the DC arrangements. These DC options have also been available to RCPS members and are entirely voluntary for members to participate in.

The three DC arrangements are:

1. Civil Service Additional Voluntary Contribution Scheme (CSAVC) provided by Scottish Widows, Standard Life and Equitable Life
2. Stand-alone Stakeholder Account provided by Standard Life
3. Partnership Pension Account provided by Scottish Widows, Standard Life and Prudential.

Members that choose one of these options select the provider and the level of contribution they wish to pay in to their pension fund, how it is invested and how they access it; either as a lump sum or retirement income, or annuity. The value of a DC annuity depends on how much money is paid / invested together with fund performance and growth.

#### What's changing in September 2018?

Cabinet Office, the Scheme Manager, are changing their DC pension arrangements from September 2018 to a Master Trust arrangement provided by Legal and General for their AVC and Partnership schemes. They are proposing ceasing the stand-alone Stakeholder option and offering members the new AVC option.

More information about the changes and the objectives can be found here: <https://www.gov.uk/government/consultations/civil-service-pensions-defined-contribution-pension-provider>.

The new DC Master Trust arrangement will only be available to Civil Service pension scheme members. Cabinet Office expect that contributions to their AVC arrangements will change to Legal and General in September 2018.

Cabinet Office are also extending Partnership Pension Account eligibility so that members who are eligible for the Alpha pension arrangement (i.e. were not within 10 years of their scheme pension age as at 1 April 2012) are now able to switch to a Partnership Pension Account. There is more information about the Partnership Pension Account here: <https://www.civilservicepensionscheme.org.uk/media/272576/partnership-scheme-guide-february-2018.pdf>.

### **How these changes affect RCPS members**

RCPS members may recall that the RCPS transfer to the Civil Service pension arrangements is now expected to take place in April 2019 – at which stage RCPS members would be able to take part in the Civil Service pension schemes new DC arrangements. As a result the RCPS Management Board have made a considered decision not to implement its own DC arrangement with Legal and General. This will mean:

#### **AVC scheme members**

- RCPS members with a current active AVC arrangement that they are contributing to will continue with their current provider (Scottish Widows, Standard Life and Equitable Life).
- RCPS members that already have an AVC fund (which they are not contributing to) will remain with their current provider.
- New AVC contributions and participation in the Civil Service AVC scheme will not be available to RCPS members from 1 April 2018. Instead members will still have the option to buy Added Pension in the RCPS or set up their own Free-Standing AVC arrangement (FSAVC)

#### **Civil Service stand-alone stakeholder pension**

The Civil Service stand-alone stakeholder pension will cease to be available to RCPS members from 1 September 2018; this means no new participants to the stand-alone stakeholder arrangement.

RCPS members will still have the option to buy Added Pension in the RCPS, contribute to their own Free-Standing AVC arrangement (FSAVC), or take out their own stakeholder pension or personal pension plan.

#### **Partnership pension account**

RCPS members will continue to be able to set up a Partnership Pension Account. RCPS members that are due to move to Alpha (post RCPS reform) and joined the RCPS prior to 1 October 2002 will be able to 'switch' to a Partnership Pension Account with effect from 1 April

2018 and then at any time from their existing Classic, Classic Plus, Premium membership. It is important to note that only one 'switch' is permitted in any 12 month period.

### **Summary**

- These changes do not affect benefits being accrued within the Classic, Classic Plus, Premium or Nuvos schemes
- RCPS members can continue to buy Added Pension in the RCPS
- Members with existing AVCs will continue
- More RCPS members will be eligible for the Partnership Pension Account
- New AVCs are not possible until the RCPS transfers into the Civil Service arrangements but members can take out their own FSAVC, stakeholder or personal pension plan

### **Further Reading**

The Pensions Advisory Service provide more general information about AVC and FSAVC schemes here: <https://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/workplace-pension-schemes/defined-contribution-avcs-and-fsavcs>.

The Pensions Advisory Service also explain more about stakeholder and personal pension plans here: <https://www.pensionsadvisoryservice.org.uk/about-pensions/pensions-basics/contract-based-schemes/stakeholder-pension-schemes>