



## News for employers and employees

### RCPS Employee Contribution Rates from 1 April 2015

This announcement follows the communication that JSS issued on 29 January 2015 and focuses on changes to the employee contribution rates effective from 1 April 2015.

The RCPS operates by analogy to the Principal Civil Service Pension Scheme (PCSPS) which means that the RCPS have always adopted changes to employee contribution rates in line with changes introduced in the PCSPS. On 1 April 2015 the PCSPS are introducing new employee (member) contribution rates as well as changing the way contribution bands are calculated. The PCSPS are introducing these changes for all active members of their scheme regardless of whether they move to their new Alpha pension scheme now or in the future.

On 26 February 2015 the RCPS Management Board met and discussed the proposed changes to the employee contribution rates and calculation methods. In doing so the Management Board considered advice from Leading Counsel and the status of the RCPS as well as taking account of past custom and practice. The Management Board voted on the proposal to introduce the changes to employee contribution rates; the outcome was a vote 7:3 in favour of introducing the changes, continuing to mirror those of the PCSPS.

There are two changes;

1. New employee contribution rates. Members of the RCPS will see their contribution rates changing, some may increase and some may decrease. The new rates for 1 April 2015 to 31 March 2016 are as follows:

1 April 2015 to 31 March 2016		
Annualised pensionable earnings	Classic %	Classic Plus, Premium & Nuvos %
Up to £15,000	3.00	4.60
£15,001-£21,000	4.60	4.60
£21,001-£47,000	5.45	5.45
£47,001-£150,000	7.35	7.35
£150,001 and above	8.05	8.05

2. The calculation that determines which pay band a member sits in is also changing. Up until 31 March 2015 it has been based on a members full time equivalent earnings. From 1 April 2015 it will be based on "Annualised Earnings". Annualised Earnings is the members pay in the month multiplied by 12, the resulting calculation determines the 'pay band' contribution for the member.

By moving to an Annualised Earnings approach means members contribution may change from month to month if their pensionable earnings vary. This variance could be due to a backdated pay award which might move the member from one pay band to another for the month the pay award is paid. The same situation could also happen for a pensionable bonus

payment. The contribution rate should revert to the normal annualised earnings amount the following month.

Part time members may see themselves dropping to a lower pay band and therefore paying a lower contribution percentage. For instance someone in Premium with a full time equivalent salary of £25,000 but working 3 days a week work and earning less than £21,000 would see them move from a contribution rate of 6.48% to 4.60%.

The following table compares the current rates (those up to 31 March 2015) to the new rates from 1 April 2015.

Pay band		Classic member contributions			Classic plus, premium, Nuvos member contributions		
From	To	Current rate	Rate from April 2015	Change	Current rate	Rate from April 2015	Change
£0.00	£15,000	1.50%	3.00%	1.50% increase	3.50%	4.60%	1.10% increase
£15,001	£21,000	3.00%	4.60%	1.60% increase	5.00%	4.60%	-0.40% decrease
£21,001	£30,000	4.48%	5.45%	0.97% increase	6.48%	5.45%	-1.03% decrease
£30,001	£47,000	5.27%	5.45%	0.18% increase	7.27%	5.45%	-1.82% decrease
£47,001	£50,000	5.27%	7.35%	2.08% increase	7.27%	7.35%	0.08% increase
£50,001	£60,000	6.06%	7.35%	1.29% increase	8.06%	7.35%	-0.71% decrease
£60,001	£150,000	6.85%	7.35%	0.50% increase	8.85%	7.35%	-1.50% decrease
£150,001	and above	6.85%	8.05%	1.20% increase	8.85%	8.05%	-0.80% decrease

JSS have already issued a notice to RCPS Employers instructing them to make the necessary changes to their payroll systems, effective from 1 April 2015.

JSS will also write to all active members of the RCPS to tell them about these changes.