

Pensions Indexation - Change to the Consumer Prices Index (CPI)

News Article

25 March 2011

All HSC Pension scheme members should be aware that from the 1st April 2011, the measure by which pensions are increased each year is changing from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI). This announcement was made by the Chancellor of the Exchequer in his Emergency Budget in June 2010.

The key effects of these changes are:

- A) Pensions currently in payment - Those in receipt will see their annual pension increase by CPI instead of RPI from April 2011.
- B) Future uprating of deferred pension rights - The yearly uprating of pensions will be based on CPI from April 2011. All uprating before April 2011 will continue to use RPI.
- C) The way new Additional Pension contracts are calculated post April 2011.

HSC Pension Service is currently undergoing an exercise to notify all members of these changes. The main activities are listed below:

Active Members

We will include a message on the majority of members payslips in April and encourage all scheme employers to advise their staff via their own internal communication channels using information materials provided.

HSC Pensioners

We will include a message on this change in our payslips in April.

Deferred Members

We will write to all deferred members for whom we hold a current address to notify them about these changes.

Note: The legislation governing the uprating of public sector pensions allows the Government to choose any appropriate measure to reflect general changes in prices. The Government has decided that the Consumer Prices Index (CPI) is an appropriate index to use going forward to provide protection against inflation from 1st April 2011. CPI is also used to set the inflation target by the Bank of England.