

Information for Civil Service Pension Scheme members

Title: **Buying added pension for 2015-16**
Deadline date for payment by monthly contributions

Date: March 2015

Audience: If you will be in **classic**, **classic plus**, **premium** or **nuvos** on 1 April 2015 you may choose to buy added pension in those schemes to top up your pension benefits. You can buy added pension by making monthly contributions from your pay and / or by paying with a lump sum.

If you move to the new scheme, **alpha**, on or after 1 April, you will be able to buy added pension in that scheme. More information about **alpha** can be found on the Civil Service Pensions website:

www.civilservicepensionscheme.org.uk

Please note the possible impact of tax on pensions highlighted below.

Action: **Read the added pension leaflet** available on the Civil Service Pensions website: www.civilservicepensionscheme.org.uk or from the scheme administrator, MyCSP, if you require a paper copy. Their contact details are:

MyCSP
PO Box 2017
Liverpool
L69 2BU

Tel: 0300 123 6666 (or +44 1903 835902 from overseas)

Email: contactcentre@mycsp.co.uk
(or contactcentre@mycsp.gse.gov.uk from a Government secure network).

See the estimator on the Civil Service Pensions website to see how much you can buy and how much it will cost: www.civilservicepensionscheme.org.uk (under 'Member calculators')

To apply for added pension, after reading the available information, use the form on the Civil Service Pensions website:
www.civilservicepensionscheme.org.uk/members/member-forms/

Please note, there are two forms: one for **classic**, **classic plus** and **premium** members and one for **nuvos** members.

Need to know

Paying by monthly contributions

You will be able to start buying added pension by monthly contributions through payroll for the 2015-16 scheme year in **classic, classic plus, premium** or **nuvos** if you are a member of one of those schemes on 1 April 2015. If you want to do this, you must send your completed form to MyCSP by **26 March 2015**.

MyCSP, PO Box 2017, Liverpool, L69 2BU

This is to ensure that MyCSP can tell your payroll in time to start taking payments from your April salary onwards. If your application reaches MyCSP after this date, you may not be able to buy added pension by monthly contributions in 2015-16.

Paying by lump sum

Unless you have been a member of the scheme for less than 12 months, you can make a lump sum payment at any time in the scheme year through your salary. If you want to make a lump sum payment in 2015-16, you must send us the completed form to the above address.

If you want to make a lump sum payment with a cheque, you should contact us for further details and then return the application with your cheque. Please note that cheques must be sent to MyCSP and not to your employer or Cabinet Office.

Buying added pension in alpha

If you move into the new pension scheme, alpha, you will be able to buy added pension once you move into that scheme. More information about alpha can be found on the Civil Service Pensions website: www.civilservicepensionscheme.org.uk. Application forms and further information will be available on the website by 31 March 2015. A notice will be issued to staff at that time.

Before applying to buy added pension with a lump sum please make sure you understand the potential for an Annual Allowance tax charge by reading the section on the Annual Allowance below.

Limit on added pension

The maximum amount of added pension that members can buy in 2015-16 is as follows:

classic	£5,200 (plus lump sum of £15,600)
premium, classic plus and nuvos	£6,500

Tax relief

You will receive tax relief on contributions made through payroll. So a contribution of, say, £100 would have a net cost to you of £80, if you pay income tax at the standard rate (or £60 if you pay tax at the 40% rate). To get tax relief, if you buy added pension by cheque, you will need to tell HM Revenue & Customs about your contribution by completing a tax return for the year in which you are buying.

Annual Allowance

Please note that buying added pension, particularly with a lump sum, will increase the value of your pension from one year to the next, and you could potentially become liable to an Annual Allowance tax charge. Defined benefit pension schemes such as **classic, classic plus, premium** and **nuvos** are valued by multiplying the pension built up in the year by 16 and adding the increase in any automatic lump sum over the year. The calculation includes a measure to ease the effect of inflation. The Annual Allowance tax charge will normally only affect higher earners, but buying added pension directly affects the amount that your benefits increase from one year to the next, so you should ensure that you are aware of the potential for an Annual Allowance tax charge before applying.

The Annual Allowance for the tax years 2014-15 and 2015-16 is £40,000. However, the Pension Input Period (PIP) in the Civil Service Pension Scheme, over which the increase in the value of your pension benefits is measured, runs from 1 January to 31 December each year. Added pension is valued based on the amount of pension purchased multiplied by 16 (plus any automatic lump sum), not the amount of the contribution. The Annual Allowance is a personal tax responsibility and your employer or pension administrator cannot provide financial advice.

You should also note that if you receive a promotion or large pay rise above the level of inflation then this will increase the value of your pension in that year, and so may limit the amount of added pension you could buy without incurring a tax charge. If you do exceed the Annual Allowance you can offset the excess against unused Annual Allowance from the previous three years (if you have bought added pension with a lump sum, or received a large pay increase in previous years this may also limit the amount of unused Annual Allowance you have from previous years). For more information on the Annual Allowance please see the HM Revenue & Customs website: www.hmrc.gov.uk/pensionschemes

How much added pension can I afford?

Please see the added pension estimator on www.civilservicepensionscheme.org.uk (under 'Member calculators'), which illustrates the costs. If you cannot access the estimator, contact MyCSP.

Index Linking

The amount of added pension you buy will be adjusted each year in line with prices until you take your pension.

New Entrants

If you have joined your organisation in the last 12 months, please contact MyCSP to check if you are eligible to buy added pension.

MyCSP - Contact details

Email: contactcentre@mycsp.co.uk (or contactcentre@mycsp.gse.gov.uk from a Government secure network).

Tel: 0300 123 6666 (or +44 1903 835902 from overseas)