

# Information for Civil Service pension scheme members 1/11

Title:

## Buying Added Pension

ANNUAL REMINDER AND DEADLINE DATES

Date: 20 January 2011

Audience: If you are in **classic**, **classic plus**, **premium** or **nuvos**, you may choose to buy added pension to top up your pension benefits. You can buy added pension by making monthly contributions from your pay and/or by paying in a lump sum. Please note the change to index linking and the possible impact of changes to the tax relief on pensions highlighted below.

Action: **Read the added pension leaflet** – available on the Civil Service Pensions website [www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions) or from your Pension Service Centre. Their contact details are *[employer to insert name, address, email address and telephone number of Pension Service Centre]*.

**See the calculator on the Civil Service Pensions website** to see how much you want to buy and how much it will cost  
[www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)

### Need to know

**Paying by lump sum** You can make one lump sum payment at any time in the year through your salary. If you want to make a payment in 2010-11 scheme year, you must send the completed form and payment to your Pension Service Centre by **18 February 2011**. Your payroll needs to be told in time to deduct the money from your March salary. If your application reaches the Pension Service Centre after this date it is possible it might not be processed in the current scheme year.

If you want to make a lump sum payment other than through your salary, (i.e. by cheque) please contact your Pension Service Centre as soon as possible.

**Added pension by monthly contributions** If you want to buy added pension by monthly contributions for scheme year 2011-12, you must send the completed form to your Pension Service Centre by **26 February 2011** so that they have time to instruct your payroll to start making deductions from your April salary. If your application reaches the Pension Service Centre after this date there is the possibility it will not be processed in time.

You can either pay a set amount or a set percentage of your pensionable pay.



## 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 standard rate (or £60 if you pay tax at higher rate).

**Please note** that buying added pension, particularly by 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 those high earners on a salary in excess of £100,000. However, 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. For more information please see the HM Revenue and Customs website:

[www.hmrc.gov.uk/pensionschemes](http://www.hmrc.gov.uk/pensionschemes)

## How much added pension can I afford?

Please see the added pension calculator on [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions), which illustrates the costs. If you cannot access the calculator, contact your Pension Service Centre.

## Index Linking

The amount of added pension you buy will be increased each year until you take your pension. It will be increased at the end of each scheme year (31 March) by the amount of the Consumer Price Index at September in the previous year. The Government announced a change to the index linking for public sector pensions in the Budget last year, from the Retail Prices Index to the Consumer Prices Index, effective from April 2011.

## New Entrants

If you have joined your organisation in the last 12 months, please contact your Pension Service Centre about your eligibility to buy added pension.

## My Civil Service Pension - Contact details

e-mail: *Employer to insert Pension Service Centre contact email*

Direct line: *Employer to insert Pension Service Centre contact helpline number*



# Application for nuvos member to buy added pension

## .1.1 Personal Details

Name:

Date of birth:

National Insurance or pension scheme member No:

### Buying by monthly contributions

I wish to buy added pension by paying £..... monthly contributions from my salary

OR ..... % of my salary by monthly contribution

I wish to buy added pension for:

- myself only  
 myself and dependants

I wish to

- for 1 year  
 for more than 1 year (please specify number of years, in whole  
 until I decide to cancel in writing

### Buying by a lump sum contribution

I wish to buy added pension by paying a £.....lump sum, deducted from my salary

If you want to buy your added pension other than through your salary, your contributions will **not** get automatic tax relief. To get tax relief you will need to tell HM Revenue and Customs about your lump sum by making a tax return for the year in which you are buying.  
*Please speak to us if you want to pay other than through your salary.*

I understand that I must not use a lump sum from a previous pension scheme to buy added pension.

Signed.....

Date.....

Please send this form to your Pension Service Centre



## Application for classic, classic plus and premium members to buy added pension

### .1.2 Personal Details

Name:

Date of birth:

National Insurance or pension scheme member No:

#### **Buying by monthly contributions**

I wish to buy added pension by paying £..... monthly contributions from my salary

OR ..... % of my salary by monthly contribution

I wish to buy added pension:

for 1 year

for more than 1 year (please specify number of years, in whole years)

until I decide to cancel in writing

#### **Buying by a lump sum contribution**

I wish to buy added pension by paying a £.....lump sum, deducted from my salary

If you want to buy your added pension other than through your salary, your contributions will **not** get automatic tax relief. To get tax relief you will need to tell HM Revenue and Customs about your lump sum payment by making a tax return for the year in which you are buying. *Please speak to us if you want to pay other than through your salary.*

I understand that I must not use a lump sum from a previous pension scheme to buy added pension.

Signed.....

Date.....

Please send this form to your Pension Service Centre

