

Information for Civil Service Pension Scheme members

Title: **Buying added pension and EPA**

Annual reminder and deadline dates

Date: November 2020

Audience: If you are in **classic**, **classic plus**, **premium**, **nuvos** or **alpha** 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 with a lump sum.

Members of **alpha** are also able to buy an EPA (by monthly contributions only). An EPA allows members of **alpha** to take part of their pension earlier than their Normal Pension Age without any early payment reduction.

The possible impact of tax on pensions is explained below.

Action: Read the information on the [dedicated webpages](#) as well as the [added pension leaflet](#) on the [Member Publications page](#). If you're in alpha, read [Section 02 – Taking control of your retirement planning](#) for added pension and EPA information.

See the [Added Pension calculators](#) and [EPA estimator](#) on the **Civil Service Pensions website** to see how much you can buy and how much it will cost.

To apply for added pension or an EPA, after reading the available information, complete and return the relevant [application form\(s\)](#).

Need to know

Paying by monthly contributions

You will be able to start buying added pension by monthly contributions through payroll for the 2021-22 scheme year in **classic**, **classic plus**, **premium**, **nuvos** or **alpha** if you are a member of one of those schemes on 1 April 2021. If you are in **alpha**, you will also be able to start buying an EPA in **alpha** from 1 April. If you move into **alpha** after 1 April, you will be able to start buying added pension or an EPA from the date you join **alpha**, or alternatively from any subsequent 1 April. If you want to start buying added pension or an EPA from 1 April 2021, you must send your completed application form to the Scheme Administrator (MyCSP) by **12 March 2021**:

Civil Service Pensions
PO Box 2017
Liverpool
L69 2BU

This is to ensure that the Scheme Administrator can tell your payroll in time to enable them to start taking payments from your April salary onwards. If your application reaches the Scheme Administrator after this date, you may not be able to buy added pension or an EPA by monthly contributions in the 2021-22 scheme year.

Paying for added pension 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 the 2020-21 scheme year, you must send your completed application form to the Scheme Administrator at the above address by **17 February 2021**. This is to ensure that the Scheme Administrator can tell your payroll in time to take the payment from your March salary. If your application reaches the Scheme Administrator after this date, it might not be processed in the current scheme year.

Please note that, in light of the continued closure of offices due to the COVID-19 pandemic, **this year we are encouraging members to not pay by cheque**. With this in mind, please note that members can pay via their payroll or BACS, and only if these options are not available to them then they should pay by cheque. If you do need to pay by cheque, your cheque should be made payable to 'CO Civil Superannuation' and sent with a completed application form. These must be with the Scheme Administrator by **21 January 2021**. If your application and cheque reach the Scheme Administrator after this date, it might not be processed in the current scheme year. **Please note that cheques must be sent to the Scheme Administrator and not to your employer or the Scheme Manager (Cabinet Office).**

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

For purchases before 1 April 2021, the maximum amount of added pension that members can buy is as follows:

Membership	Maximum amount of added pension
classic	£5,800 (plus lump sum of £17,400)
classic plus, premium and nuvos	£7,200
alpha	£7,200*
*this limit may be reduced if you are also buying EPA	

The limit will increase in 2021/22 to:

Membership	Maximum amount of added pension
classic	£5,900 (plus lump sum of £17,700)
classic plus, premium and nuvos	£7,300
alpha	£7,300*
*this limit may be reduced in you are also buying EPA	

The Scheme Administrator will check any application to buy added pension falls within the relevant maximum limit.

Limit on EPA

If you are in alpha you cannot buy EPA if you have bought the maximum amount of added pension. Otherwise, there is no limit on the amount of an EPA you can buy. However, the amount of EPA bought counts towards the limit on added pension that you can buy.

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 and explain you did not receive any tax relief from the pension scheme in relation to the added pension purchase.

Annual Allowance

Please note that buying added pension, 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. The standard Annual Allowance amount for the tax year 2021/22 is £40,000. The Annual Allowance is a personal tax responsibility and your employer or pension administrator cannot provide financial advice.

Defined benefit pension schemes such as **classic**, **classic plus**, **premium**, **nuvos** and **alpha** are valued by multiplying the pension built up in the year by 16 and adding the increase in any automatic lump sum (if applicable) over the year. The calculation includes a measure to adjust for 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.

You should also note that, if you are in one of the final salary sections of the PCSPS or have linked final salary service and receive a promotion or large pay rise above the level of inflation then this will increase the value of your pension in that year. This may limit the amount of added pension you can 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 will also reduce the amount of unused Annual Allowance you have from previous years). For more information on the Annual Allowance please see the Gov.uk website: <https://www.gov.uk/tax-on-your-private-pension>

and the information available on the Civil Service Pensions webpage at:

www.civilservicepensionscheme.org.uk/members/pensions-and-tax/

How much added pension can I afford?

Please see the [added pension calculators](#) on the calculator page of the Civil Service Pensions website which illustrates the costs.

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 email the Scheme Administrator at contactcentre@mycsp.co.uk to check if you are eligible to buy added pension.

If your email contains GSI/GSE/PNN please send it to contactcentre@mycsp.gse.gov.uk