

## OFFICE NOTICE



### **Civil Service pension arrangements Topping-up your Civil Service pension benefits from April 2006**

From April 2006, the current tax restrictions on pension saving will be relaxed considerably. In theory, you will be able to save an amount equivalent to your annual salary each year. Please see the earlier notice on 'New tax rules on pensions – will they affect you?'

Cabinet Office has announced the rules and flexibilities that will apply to topping-up Civil Service pensions from 6 April 2006 ('A-day').

#### **Are you in the Civil Service AVC Scheme (CSAVCS)?**

##### **New contribution limits**

- You will no longer be restricted to the current limit of 15% of salary to cover contributions to both the CSAVC scheme and the Civil Service pension scheme. You can increase your pension saving in your CSAVCS but any contributions you pay will count towards your Annual Allowance (£215,000 for 2006-7)
- **CSAVCS tax-free lump sum**
- In addition, when you draw your CSAVCS benefits, you will be able to take up to 25% of your fund as a tax-free lump sum (subject to the new tax limits).

#### **Do you have a partnership pension account or stakeholder pension?**

- As with the CSAVCS you can increase your contributions but remember that both your contributions and those made by your employer count towards your Annual Allowance

#### **Are you buying Added Years?**

- The rules for (and limits on) purchasing added years by lump sums and periodical contributions will continue without change.

#### **Are you considering transferring-in benefits from other pension arrangements?**

**New time limit for transfers from any pension schemes. Transfers from schemes other than occupational (employer-sponsored) pension schemes such as personal pensions or stakeholder pensions**

An application will only be accepted within 12 months of you being eligible to join **premium** or **classic**, so:

- if you joined before 6 April 2005 and want to transfer in your personal pension you must have made an irrevocable application before 6 April 2006
- if you joined on or after 6 April 2005 the 12-month limit will apply to you. For example, if you joined on 1 July 2005 you must have contracted for the transfer to go ahead by the end of June 2006

### Transfers from occupational pension schemes

- These will continue as now. This means that you must apply to transfer from schemes in the Public Service Transfer Club within the first 12 months of becoming eligible to join **classic** or **premium** for the beneficial Club terms to apply. You can apply to transfer benefits from other occupational schemes at any time up to one year before your normal pension age, usually your 59<sup>th</sup> birthday.

### Do you want to contribute to a Stakeholder pension or a personal pension?

#### New access to Stakeholder and personal pensions

- All members of occupational pension schemes, such as the Civil Service pension scheme, will be able to save in a personal or stakeholder pension as well as in their employer's scheme. This new flexibility includes Self-Invested Personal Pensions (SIPPs) Bear in mind that neither your employer nor your APAC can advise you on the wisdom of any financial investments and also do not forget that any contributions you make will count towards your Annual Allowance.

### Would you like more information?

- If you want to apply to transfer benefits from another scheme or personal or stakeholder pension into the Civil Service pension scheme, either before the rules change in April 2006 or later, please contact your Civil Service pensions administrator, *(employer to insert name of APAC and contact details)*.
- You can find information about boosting your pension on the Civil Service Pensions' website:

[www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

- See the Pensions and Tax pages of the Civil Service Pensions' website for more information about tax relief on pension saving:

[www.civilservice-pensions.gov.uk/ta](http://www.civilservice-pensions.gov.uk/ta)