

Civil Service pension reform: newsletter 2

This newsletter tells you about changes in the way that members of **classic**, **classic plus** and **premium** can top up their pension. If you belong to any of these schemes please take a moment to read this important information. These changes do not affect members of **nuvos** and **partnership**.

What is happening?

Cabinet Office is withdrawing the **added years** facility from **classic**, **premium** and **classic plus** and replacing it with **added pension**.

If you already have an added years contract it will carry on unaffected unless you decide to stop it.

Can I still sign up for added years?

Yes, but **you must sign up for added years before 1 March 2008**. Your contract will start immediately if you are in **premium** or **classic plus**. Your contract will start from your next birthday (even if this falls after March 2008) if you are in **classic**.

What is added pension?

Added pension is a fixed amount of pension that you can buy. It is index-linked every year both before and after it comes into payment. Added pension will provide the same sort of benefits as your main pension – so, for instance, added pension in **classic** will include an automatic lump sum of three times pension and a pension for wife, husband or civil partner of one half of the member's pension.

You can buy added pension by **lump sum** or by **monthly contributions**. The only restrictions are:

- you cannot make a lump sum purchase in your first year of service. After that you are restricted to one lump sum purchase per year (minimum contribution £100)
- monthly contributions will normally start from the following April and are expected to run for a complete number of scheme years (minimum contribution £10 per month)
- the maximum added pension you can buy is £5,000 in **premium** or **classic plus**. In **classic** the limit is £4,000 pension plus £12,000 lump sum. These limits will be reviewed each year
- your total pension contributions in any year cannot be bigger than your pay in that year.

When can I buy added pension?

- everyone can buy added pension from 1 March 2008
- if you are over 60 already, you can buy added pension now
- if you reach 60 between now and March 2008, you are eligible from your 60th birthday.

Where do I find out more?

The Pension Reform pages on the Civil Service Pensions website give more information. Our website also has an added pension calculator and this will give you an idea of the cost of buying added pension.

Contact your pensions administrator (APAC) if you want to go ahead and top up your pension.

We will issue further newsletters to keep you informed about pension reform.