

## Information for Civil Service Pension Scheme members

Title: **Buying added pension**

**ANNUAL REMINDER AND DEADLINE DATES**

Date: February 2015

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 with a lump sum. If you move to the new scheme, **alpha**, on or after 1 April, you will also 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](http://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](http://www.civilservicepensionscheme.org.uk) or from 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](mailto:contactcentre@mycsp.co.uk) (or [contactcentre@mycsp.gse.gov.uk](mailto:contactcentre@mycsp.gse.gov.uk) from a Government secure network).

**See the calculator on the Civil Service Pensions website** to see how much you can buy and how much it will cost [www.civilservicepensionscheme.org.uk](http://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/](http://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 lump sum

You can make one lump sum payment at any time in the scheme year through your salary. If you want to make a lump sum payment in the 2014-15 scheme year through payroll, you must send the completed form to MyCSP by **23 February 2015**. This is to ensure that MyCSP can tell your payroll in time to take the payment from your March salary. If your application reaches MyCSP after this date it might not be processed in the current scheme year.

If you want to make a lump sum payment with a cheque, you must contact MyCSP for further details as soon as possible and then must return their application with your cheque to them by **27 February 2015**. Cheques must be sent to MyCSP and not to your employer or the Cabinet Office.

If you move into the new pension scheme, **alpha**, you will be able to buy added pension with a lump sum once you move into that scheme. More information about **alpha** can be found on the Civil Service Pensions website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk). If you are interested, you must contact MyCSP once you are a member of **alpha**.

**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.**

### Paying by monthly contributions

You will be able to start buying added pension by monthly contributions for the 2015-16 scheme year in **classic**, **classic plus**, **premium** or **nuvos** if you will be a member of one of those schemes on 1 April. If you move to **alpha**, you will also be able to start buying added pension in that scheme from when you become a member. Further information about purchases for 2015-16 will be issued shortly.

## Limit on added pension

For purchases before 1 April 2015, the maximum amount of added pension that members can buy is as follows:

<b>classic</b>	£4,880 (plus lump sum of £14,640)
<b>premium, classic plus and nuvos</b>	£6,100

The limit will increase in 2015-16 and further information will be issued shortly.

## 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 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 making 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 and 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 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.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk) (under 'Member calculators'), which illustrates the costs. If you cannot access the calculator, contact MyCSP.

## Index Linking

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

## New Entrants

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



## MyCSP - Contact details

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

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