

Information for Civil Service Pension Scheme members

Title: **Buying added pension and EPA**
Annual reminder and deadline dates

Date: February 2016

Audience: If you are in **classic**, **classic plus**, **premium**, **nuvos** or **alpha** you may choose to buy added pension in those schemes 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). By contributing to an EPA, members of **alpha** are able to take part of their pension earlier than their Normal Pension Age (NPA) without any early payment reduction.

Please note the possible impact of tax on pensions highlighted below.

Action: **Read the added pension leaflet and (if you are in alpha) the EPA leaflet** - both available on the Civil Service Pensions website:

Added pension (**classic**, **classic plus**, **premium** and **nuvos**)
www.civilservicepensionscheme.org.uk/media/29996/ap.pdf

Added pension and EPA (**alpha**)
http://www.civilservicepensionscheme.org.uk/media/95184/alpha_schemeguides_2_colour_v2.pdf

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 (or contactcentre@mycsp.gse.gov.uk from a Government secure network).

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:
www.civilservicepensionscheme.org.uk/members/member-calculators/.

To apply for added pension or an EPA, after reading the available information, use the relevant form on the Civil Service Pensions website.

Added pension:

<http://www.civilservicepensionscheme.org.uk/media/95426/apall-v1.pdf>

EPA:

http://www.civilservicepensionscheme.org.uk/media/95152/alpha_epaapp_march_2015_v1.pdf

Need to know

Paying by monthly contributions

You will be able to start buying added pension by monthly contributions through payroll for the 2016-17 scheme year in **classic, classic plus, premium, nuvos** or **alpha** if you are a member of one of those schemes on 1 April 2016. 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 2016, you must send your completed application form to MyCSP by **18 March 2016**.

MyCSP, PO Box 2017, Liverpool, L69 2BU

This is to ensure that MyCSP can tell your payroll in time to enable them to start taking payments from your April salary onwards. If your application reaches MyCSP after this date, you may not be able to buy added pension or an EPA by monthly contributions in the 2016-17 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 2015-16 scheme year, you must send your completed application form to MyCSP at the above address by **22 February 2016**. 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, your cheque made payable to 'GBS RE CO Civil Superannuation' and completed application form must be with MyCSP by **26 February 2016**. If your application reaches MyCSP after this date it might not be processed in the current scheme year. Please note that cheques must be sent to MyCSP and not to your employer or 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 2016, the maximum amount of added pension that members can buy is as follows:

classic	£5,200 (plus lump sum of £15,600)
premium, classic plus and nuvos	£6,500
alpha	£6,500

The limit will remain the same in 2016-17, although for alpha members this limit may be reduced if the member is also buying EPA - see below.

Limit on EPA

An alpha member cannot buy EPA if they have bought the maximum amount of added pension. Otherwise, there is no limit on the amount of an EPA a member can buy. However, the amount of EPA bought counts towards the limit on added pension that a member 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.

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. The Annual Allowance for the tax year 2016-17 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 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, 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 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 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 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 & Customs website: www.hmrc.gov.uk/pensionschemes and the Civil Service Pensions and Tax webpage at <http://www.civilservicepensionscheme.org.uk/members/pensions-and-tax/>

How much added pension can I afford?

Please see the added pension estimator on www.civilservicepensionscheme.org.uk (under 'Member calculators'), which illustrates the costs. If you cannot access the estimator, contact MyCSP.

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 contact MyCSP to check if you are eligible to buy added pension.

MyCSP - Contact details

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

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