

Information for Civil Service Pension Scheme members

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

Date: January 2018

Audience: If you are in the **classic**, **classic plus**, **premium**, **nuvos** or **alpha** pension schemes, you can 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). 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: **Visit the dedicated Added Pension and EPA pages on the [scheme website](#)**

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**)
<http://www.civilservicepensionscheme.org.uk/members/publications/>

Added pension and EPA (**alpha**) – third link from the top
<http://www.civilservicepensionscheme.org.uk/members/alpha-guide/>

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/members/member-forms/>

EPA:
<http://www.civilservicepensionscheme.org.uk/members/member-forms/>

What you need to know

Paying by monthly contributions

You will be able to start buying added pension by monthly contributions through payroll for the 2018-19 scheme year in **classic, classic plus, premium, nuvos** or **alpha** if you are a member of one of those schemes on 1 April 2018.

For a transition member (that is a member currently in classic, classic plus, premium and/or nuvos who is moving into alpha at some point in the future), added pension is purchased in the scheme in which they are an active member when they make the option, not the scheme they are in when the contributions commence.

If you are in **alpha**, you will also be able to start buying an EPA in **alpha** from 1 April 2018. If you move into **alpha** after 1 April 2018, 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 2018, you must send your completed application form to the Scheme Administrator by 16 March 2018.**

Civil Service Pensions, PO Box 2017, Liverpool, L69 2BU

This is to ensure that the Scheme Administrator can tell your payroll provider in sufficient 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 2018-19 scheme year.

Paying for added pension by lump sum

You can make a lump sum payment at any time in the scheme year through your salary, unless you have been a member of the scheme for less than 12 months.

If you want to make a lump sum payment in the 2017-18 scheme year, you must send your completed application form to the Scheme Administrator at the above address by 21 February 2018. This is to ensure that the Scheme Administrator can tell your payroll provider in sufficient time to take the payment in the 2017-18 scheme year. If your application reaches the Scheme Administrator 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 'CO Civil Superannuation' and your completed application form must be with the Scheme Administrator by 23 February 2018. If your application reaches 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 Cabinet Office.

Before applying to buy added pension 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 2018, the maximum amount of added pension that members can buy is as follows:

classic	£5,300 (plus lump sum of £15,900)
premium, classic plus and nuvos	£6,600
alpha	£6,600

The limit will increase in 2018-19 to:

classic	£5,500 (plus lump sum of £16,500)
premium, classic plus and nuvos	£6,800
alpha	£6,800

For alpha members, this limit may be reduced if the member is also buying EPA - see below.

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

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 of added pension that a member can buy.

Tax relief

You will receive tax relief on contributions made through your payroll. So a contribution of, for example, £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 receive 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, particularly with a lump sum, will increase the value of your pension from one year to the next and you could potentially become liable for an Annual Allowance tax charge. The standard Annual Allowance amount for the tax year 2017-18 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 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 by which 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 Civil Service Pension scheme 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 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 will reduce 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 the Scheme Administrator.

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 the Scheme Administrator to check if you are eligible to buy added pension.

If a monthly contribution added pension application is received by the Scheme Administrator within three months of joining, your contract for added pension will be backdated to your start date.

Scheme Administrator - 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)