

# Section 02

## Taking control of your retirement planning



Planning for your retirement is important.

As an active member of alpha you build up a pension based on your pensionable earnings each scheme year. There are ways that you can increase the pension you will get or change the date you can claim the full pension you have built up, by changing what you pay or when you choose to claim your benefits.

This section provides a guide to the various choices you can make, and the ways they can affect the pension you can get.

# Section 02

## Taking control of your retirement planning



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This guide uses as little jargon as possible but where it has to use specific pensions or other technical terms, they have been explained in plain English.

This section provides a guide to the various ways you can take control of your retirement planning. It does not cover every aspect of the scheme. Full details are set out in the regulations, which are the legal basis of the scheme.

Nothing in this guide can override the alpha regulations. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the regulations will apply. This guide is based on the alpha regulations current at the time of publication and there is no guarantee that any part of the regulations will not change in the future.

You should not take anything in this section as financial advice. You might want to consider contacting an Independent Financial Adviser (IFA) to discuss your retirement planning. You can find tips on finding an IFA by visiting the Financial Conduct Authority website: [www.fca.org.uk](http://www.fca.org.uk)

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### This section explains:

#### **O2A. What is taking control of my retirement planning?**

An overview of how alpha members can take control of their retirement planning.

#### **O2B. Added pension**

You can make extra payments to buy a separate additional pension that can be paid in full at the same Normal Pension Age (NPA) as your main alpha pension.

#### **O2C. EPA**

You can make additional payments to buy an EPA portion of your alpha pension that can be paid without any early payment reduction before your alpha NPA. Information on your NPA can be found in [Section 01 - General Information](#).

## Section 02 - This section explains:

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### **02D. Civil Service Additional Voluntary Contributions Scheme (CSAVCS)**

You can make extra payments into a separate defined contribution pension fund with one of the scheme's AVC providers. The amount of pension you can get when you retire depends on how much you pay and how your fund is invested.

### **02E. Thinking of retirement before your NPA**

Some of the things to consider, and the effects on your pension, when you choose to take your benefits earlier than your NPA.

### **02F. Thinking of retirement after your NPA**

Some of the things to consider, and the effects on your pension, when you choose to take your benefits after your NPA.

# Section 02A

## What is taking control of my retirement planning?



This is the set of decisions you can make regarding your pension. It covers things like:

- if and when you would like to claim it
- how much you can choose to pay to control how much you get
- the options the scheme offers to buy additional pension or change the date your pension can be paid
- taking your pension before or after your Normal Pension Age (NPA).



### How can I take control?

You can choose when you want to claim your benefits. You can claim them before, at or after your alpha NPA. The date you claim your pension will affect the amount of pension that you will get in two ways:

- The longer you stay in service and as a member of the scheme, the more alpha pension you will build up.
- Your pension can be reduced if you claim it before your NPA, or it can be increased if you claim it later than your NPA.

In summary, the longer you work the more pension you will build up, and the later you retire the higher your pension will be.

### How do I know how much pension I will get?

You will get a benefit statement each year that will show you how much pension you have built up so far, and how much you can expect to get at your NPA. There are various tools available on the Civil Service Pension Scheme website that you can use to estimate how much pension you may get at the time you want to claim it.

### I know when I want to claim my benefits and have an idea of how much pension I will have built up. Can I do anything to change the amount of pension I will get?

You can increase the pension you can get by paying more to buy:

- added pension. This is available to all active members, and there are no age limits
- a separate AVC fund that you can use to fund your retirement
- an EPA portion of your alpha pension that can be paid in full before your NPA. An EPA portion of your pension builds up at the same rate as your main alpha pension, and can be paid in full before your alpha NPA. You must be under your alpha NPA to start buying an EPA.

# Section 02B

## Added pension



### What is added pension?

Added pension is an extra annual pension that you can buy. Any added pension you buy will be paid with your main alpha pension when you claim it.

Just like your alpha pension, each year the added pension you have bought is adjusted in line with prices.

### Can I buy added pension?

You can buy alpha added pension as long as you are an active member of alpha. You are an active member if you are currently working for an employer covered by the Civil Service Pensions (CSP) arrangements, and you are currently in alpha and have not opted out.

There is an overall maximum amount of added pension that you can buy, and that level is regularly reviewed and can increase.

Your annual benefit statement will tell you how much you have bought to date.

If you buy an EPA, this may have an effect on the amount of added pension you can buy. More information on EPA can be found in [Section 02C - EPA](#).

### How do I apply?

You need to complete the application form to buy added pension. This can be found on the member forms page of the Civil Service Pension Scheme website. You send the completed application forms to the scheme administrator, who will check your application, and work with your employer (if necessary) to set up any payments.

### What options can I choose?

There are some options around what you buy, and how you pay.

These options are:

- **Do you want to buy added pension for you and your dependants, or just for yourself?**  
You can buy added pension just for you, or pay more to buy an additional pension for your dependants too. The dependant's added pension is paid, along with any benefits that are due from your alpha pension if you die.
- **How do you want to pay?**  
You can choose to set up monthly payments that will continue for a set number of years, or pay a one-off lump sum.
- **How much added pension do you want to buy?**  
This is subject to the maximum amount of added pension the alpha regulations let you buy. The maximum amount you can buy is reviewed regularly by the Scheme Managers. You can find information on the current maximum limit on the Civil Service Pension Scheme website.

### When can I buy added pension?

There are some restrictions on when you can buy added pension, depending on how you choose to pay.

- **A one-off lump sum.**  
You can buy added pension by a lump sum payment at any time during the year.  
You cannot make a lump sum payment during your first 12 months of alpha membership.  
If you want to buy added pension in the current scheme year, you must make a payment before the annual deadline. Your employer will let you know each year when you will need to apply. If you miss the deadline the added pension you buy will be added to your pension in the following scheme year.
- **A regular monthly contribution.**  
Your regular payments must always start on 01 April, and you must apply before the annual deadline. Your employer will let you know each year when you will need to apply.  
There is one exception. If you are a new joiner you can apply to buy added pension from your start date if you apply within three months of joining.

### When is the deadline for buying added pension?

Civil Service Pensions will let your employer know the current year's deadline for both lump sum and monthly payments at the start of each year. Your employer will pass on this information to you in the usual way.



### How much does it cost?

There is an added pension estimator available on the Civil Service Pension Scheme website. It can show you how much added pension you can expect to get for your money.

### How do I make my payments?

Payment can be taken directly from your pay, either as regular monthly contributions or a one-off lump sum. You can choose to make a lump sum payment from your own savings. You cannot use a lump sum you got from a pension scheme to buy added pension, due to the tax relief you got on those payments. If you choose to pay by monthly deduction from your pay, you can either choose a set amount, such as £20 each month or a set percentage of your pay, such as 5% each month.

### Do I get any tax relief?

Yes. You get tax relief on your added pension contributions.

If your payments are taken direct from your pay, the tax relief is usually applied at that point by your employer, so you shouldn't need to fill in any further forms or requests.

If you pay from your own savings, you will need to contact HM Revenue & Customs to claim any tax relief you may be due.

### Are there any other tax implications?

Yes. Added pension is usually paid with your alpha pension, and the money you get is taxed as an income just like your main pension. Pensions are subject to income tax, but lump sums are currently tax-free. All your pension and lump sum benefits count as using up part of your Lifetime Allowance (LTA). If the total value of your pensions from all pension schemes exceeds your LTA you will need to pay an additional tax charge.

LTA and Annual Allowance (AA) information can be found in [Section 07A - Your pension and tax](#) or on the HM Revenue & Customs website.

Each tax year, when payments are made to any UK registered pension arrangements you have, the value of these pension benefits will usually increase. This growth is tested against an Annual Allowance which is set by HM Revenue & Customs.



## Section 02B Added pension

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You will normally have to pay an Annual Allowance charge on any increase in your pensions value that goes over the Annual Allowance. The growth in your added pension, your alpha pension and any other pension you may have in a UK registered pension scheme will count as using part of your Annual Allowance.

You should take this into consideration before buying added pension. If you are unsure you should seek independent financial advice.

### Can I cancel, or change, my added pension option?

If you have bought added pension by making a one-off payment it cannot usually be cancelled or altered once payment has been made.

Monthly contributions are slightly different. When you set up your added pension, you will have agreed to pay for a set number of scheme years or set up an ongoing arrangement to run until you leave alpha.

You can request to cancel your monthly contributions at any time, but you must continue to make your contributions until the end of the scheme year (31 March).

If you want to change the amount you are paying, you will need to send in a new application, and this will take effect from the start of the next scheme year.

You will keep the added pension you have bought up to the date you stopped making added pension contributions.

### If I cancel my added pension, do I get my payments back?

Your added pension contributions are only refunded when your main scheme contributions are refunded. This will only usually happen if you leave the pension scheme with under two years' qualifying service, and you choose the refund of contributions instead of transferring out your pension benefits.

If you cancel and stay in service, or leave with two or more years' service, you will keep the added pension you have bought up to the date you stopped making the added pension contributions.

# Section 02B

## Added pension and the Principal Civil Service Pension Scheme (PCSPS)



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This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what happens to both portions of your pension if you have purchased added pension.

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Added pension in alpha and added pension in the PCSPS are separate.

You can have added pension under both schemes and both have their own maximum limits for the amount of added pension you can buy. You can still buy alpha added pension even if you have bought the maximum amount of PCSPS added pension.

## Section 02B Added pension and the Principal Civil Service Pension Scheme (PCSPS)

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Added pension from both alpha and the PCSPS count as part of your Lifetime Allowance and the growth in all of your pension savings is counted towards your Annual Allowance.

### I'm already buying added pension in my current scheme, does this affect anything?

If you have entered into an agreement to buy added pension by monthly contributions beyond 31 March 2015, you will be able to continue paying for your PCSPS added pension as you are now. After moving into alpha, you will also have the option to buy alpha added pension.

If you choose to stop any ongoing added pension contributions you are making into the PCSPS or you reach the end date that you selected when you set up the original arrangement, you cannot restart this option. If you want to buy any more added pension, you will only be able to buy added pension in alpha.

# Section 02C

## EPA



### What is EPA?

EPA is a way to build up a portion of your alpha pension that can be paid earlier than your alpha Normal Pension Age (NPA), without any reduction.

### How does EPA work?

You contribute to an EPA directly from your pay, in addition to your normal alpha contributions.

When you contribute to an EPA you build up an EPA portion of your alpha pension that is just like the main alpha pension. This builds up pension at 2.32% of your pensionable earnings for each year of scheme membership.

The EPA portion of your pension can be claimed a number of years before your alpha NPA without an early payment reduction depending on the EPA option you have selected.

It is only the EPA portion of your pension you build up (while contributing to an EPA) that can be paid in full before your NPA.

### Can I buy an EPA portion of my pension?

Not everyone can buy an EPA, you must:

- be an active member of alpha
- and
- not have bought the maximum added pension in alpha.

### What options can I choose from?

You can choose an EPA option that can be paid a specified number of years before your alpha NPA without reduction. These options are:

- one year earlier (alpha NPA minus one)
- two years earlier (alpha NPA minus two)
- three years earlier (alpha NPA minus three).

Age 65 is the earliest an EPA portion of an alpha pension can be paid without reduction. This may restrict the options you can choose from.

For example, if your alpha NPA is 67, you cannot choose an EPA option of NPA minus three, because that EPA portion could be paid without reduction before age 65.

If you are close to your NPA you must also note that you cannot select an EPA option that could be paid without any early payment reduction earlier than your current age.

For example, if your alpha NPA is 68, and you are age 66, you cannot select an EPA option of NPA minus three as this could be paid without early payment reduction from age 65 which is earlier than your current age.

### What if I have a State Pension age (SPA) with a part year?

Your alpha NPA matches your SPA, so this can also include a part year, like 67 years and eight months or 66 years and six months. This will affect the EPA options you can choose.

For example, if your NPA is 67 years and six months you cannot choose an EPA option of NPA minus three, because that EPA portion could be paid without reduction before age 65.

However, because of the part year in your NPA there is a special option available, you may be able to choose an age 65 EPA option.

You are not buying a fixed age EPA. If in the future your SPA changes, the age 65 EPA option will be adjusted.

### What if my State Pension age (SPA) changes?

Your alpha NPA is linked to your SPA, and SPA can change.

When you select an EPA option, you choose a number of years before your alpha NPA.

If your SPA changes, this will affect your alpha NPA. This means that the age that the EPA portion of your alpha pension can be paid in full changes too.

For example, if your alpha NPA was 67 and you chose an EPA option of your alpha NPA minus two, this EPA portion of your pension could be paid without any reduction from age 65 (two years before your alpha NPA).

If your SPA changes to 68, your alpha NPA changes too, and the EPA portion of your pension could only be paid in full from age 66. This is still two years before your alpha NPA.

You may have been able to choose an age 65 EPA option if you have a SPA with a part year (eg 67 years and six months). If your SPA changes, your alpha NPA changes too. Any EPA portions of your pension will be payable without any early payment reduction the same number of whole months before your NPA.



## Section 02C EPA

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For example, if your NPA is 67 years and six months you may have chosen the age 65 EPA option that was available, this would be payable without reduction from age 65, which is two years and six months before your NPA. If your SPA changes to 68, your NPA changes with it. The age 65 EPA option will automatically become an NPA minus two years and six months EPA option.

This EPA portion of your alpha pension is now payable without any early payment reduction from age 65 years and six months.

## When can I buy an EPA portion of my pension?

You buy an EPA portion of your pension by making regular monthly contributions from your pay. These always start on 01 April each year, and you must apply before the annual deadline that Civil Service Pensions will tell you each year.

You can apply at any time, but your option will not start until the start of the next scheme year (01 April).

You can apply to buy an EPA portion of your pension from your alpha start date, if you apply within three months of joining alpha. Your EPA option will be backdated to your start date, so you might have to pay some backdated contributions.



## How much does it cost?

The cost will vary so Civil Service Pensions has produced an estimator that will be made available on the Civil Service Pension Scheme website to allow you to see what the cost will be in the current year.

EPA contributions are higher than ordinary alpha contributions. The earlier you want to access your full pension, and the older you are, the higher the contributions will be.

An EPA option will normally start at the beginning of the scheme year (01 April), or from your start date if you are a new joiner and apply within three months of joining.

By signing the application you are agreeing to pay your EPA contributions until the end of the scheme year (31 March).

## How do I pay?

Your contributions are taken direct from your pay, in the same way as your normal alpha contributions.

## How do I apply to buy an EPA portion of my pension?

Once you have chosen which of the EPA options you want to buy, you will need to complete an EPA application. The application form will be available on the forms page of the Civil Service Pension Scheme website from 31 March 2015.

If you do not change or cancel your EPA option you will continue to make contributions and build up an EPA portion of your pension into the next scheme year.

The cost of buying an EPA portion of your pension will usually increase each year as you get older. Civil Service Pensions will send you information before each new scheme year telling you about any changes to your EPA contributions.

## Can I cancel my EPA option?

Yes. Your cancellation will take effect at the end of the scheme year (31 March).

## What happens to the EPA portion of my pension if I cancel?

You will stop paying the EPA contributions at the end of the scheme year, and return to only paying the ordinary alpha contributions, building up a pension that can be paid in full at your alpha NPA.

If you stop adding to the EPA portion of your pension it is held on your record alongside your main alpha pension.

Each year the EPA portion of your pension you have built up is adjusted in line with prices, at the same rate as the main alpha pension.

You can re-apply and start adding to this EPA portion of your alpha pension again at a later date.

## What happens to the EPA portion of my pension if I leave alpha?

Your EPA option is cancelled immediately on the day you leave. You keep the EPA portion of your pension that you have built up, unless you are leaving with less than two years' service and you are eligible for a refund of all of your pension contributions, or a transfer out of the benefits you have built up. Your EPA contributions will be refunded or the EPA pension will form part of the transfer out, depending on which option you choose.

## What if I re-join alpha?

If when you left, the EPA portion of your pension was cancelled, when you re-join it can be restarted automatically depending on the length of your break in service.

Your EPA option will automatically restart if you re-join alpha in five years or less. If this is the case, you will start making your EPA contributions immediately on re-joining. If you do not want to restart your EPA option, you must tell your employer as soon as possible after re-joining.

### Can I change my EPA option?

Yes. When you change an EPA option, you are cancelling the original and replacing it with a new EPA option. This means that changes can only take effect from the start of the next scheme year (01 April). Civil Service Pensions will tell you the deadline for making changes.

### What happens to the EPA portion of my pension if I change my EPA option?

You stop building up the original EPA portion of your pension, and instead start building up another separate EPA portion.

### Can I have more than one EPA option?

Yes. Over a number of years, you can build up different EPA portions of your pension, but you can only contribute to one EPA option at a time.

It is possible to have a pension under each of the three EPA options, and some pension in your main alpha pension too.

When you claim your pension, your main alpha pension and any EPA portions will come into payment at the same time. Each portion could be reduced for early payment, paid in full, or increased for late payment differently, as each portion can be paid in full from a different age.

### If I have more than one EPA portion of my pension, can I claim them separately?

Partial retirement lets you claim part of your alpha pension; you can choose to only claim the EPA portion (or portions) that you have built up. This leaves your main alpha pension to be claimed when you fully retire. There is more information on options you will have in [Section 05B - Partial retirement](#).

### What if I claim an EPA portion of my pension early or late?

Just like the main alpha pension, any EPA portion of your alpha pension can be claimed from your minimum pension age. This is currently age 55 in alpha.

If it is paid earlier than the EPA option you chose, the EPA portion of your alpha pension will be reduced for early payment, if it is claimed later than the EPA option you chose; the EPA portion of your alpha pension will be increased for late payment. See [Sections 02E and 02F](#) for more details on late payment and early payment.



### What if I continue working until my alpha NPA?

If you continue working after the date the EPA portion of your alpha pension could be paid in full, you cannot continue to contribute to it.

Your additional EPA contributions will cease on your birthday, and you will only make payments to, and build up, the main alpha pension only.

### Do I get any tax relief?

Yes. You get tax relief on your EPA contributions just like your normal alpha contributions. Your employer applies your tax relief by taking your contributions before the tax on your pay is worked out.

### Are there any other tax implications?

Yes. All your pension and lump sum benefits count as using up part of your Lifetime Allowance (LTA). If the total value of your pensions from all pension schemes exceeds your LTA you will need to pay an additional tax charge.

LTA information can be found in [Section 07A - Your pension and tax](#) or on the HM Revenue & Customs website.

# Section 02D

## Civil Service Additional Voluntary Contributions (CSAVC)



### What are additional voluntary contributions?

You can make additional contributions to the Civil Service Additional Voluntary Contributions Scheme (CSAVCS).

You pay extra contributions and build up a fund that you can use when you retire.

You pay the additional contributions to a third party provider, who invests them to build up your AVC fund. You can choose how your fund is invested from a selection of options offered by the provider.

AVCs build up differently to the main alpha pension. As well as how much you pay, the amount you get is based on how your investments perform. The better they do, the more you will get back. As your fund is based on investments, the value can go down as well as up.

The providers will make a small charge to cover the administration costs of managing your investments. These charges can vary. The provider will let you know how much their charges will be, and how payment will be taken.

### If I buy an AVC, how can I receive my benefits?

There were changes to the CSAVC scheme following the March 2014 Budget. These gave you more choice over how you can use your CSAVC fund.

You can choose to:

- buy an annuity. A regular income for life, similar to a pension, which will be treated as taxable income. You can take up to 25% of your AVC fund as a tax-free lump sum
- take your full AVC fund as a cash lump sum. The first 25% is tax-free (subject to the Lifetime Allowance), but anything over this is treated as taxable income
- take part of your fund. 25% will be tax-free, the rest will be taxed as income. You can leave the rest invested to be claimed at a later date. 25% of the remaining fund will be tax-free. You can take this either as a one-off lump sum or as a series of withdrawals.

You can use any combination of the above, or choose to leave your CSAVC invested.

### Can I buy an AVC?

You can start to pay AVCs as long as you are an active member of the Civil Service Pension (CSP) arrangements.

You are an active member if you are currently working for an employer covered by the Civil Service Pension arrangements, and you are currently in one of the pension schemes, and have not opted out.

### How do I apply?

You should contact one of the AVC providers to request an application pack. Once you get your application, complete and return it, following the instructions in the application pack.

Your employer, the scheme administrator, and your chosen AVC provider then set up your AVC. Deductions will be made from your salary each month.

### Who are the AVC providers I can choose from?

The CSAVCS has two providers that you can choose from:

- Scottish Widows

and

- Standard Life.

Both offer a range of investments to choose from. You can choose to make contributions to either one, or both providers.

### When can I start?

You can start to pay AVCs at any time while you are an active member.



### How much can I pay?

You can choose what percentage of your salary to pay into an AVC. You should find a level of AVC that you are happy with. Please remember that building up pension benefits may have tax implications as there is a limit on the tax-free pension savings you can make in each tax year. For more information, see [Section 07A - Your pension and tax](#).

### Where should I invest my money?

The providers have information on the various investment options they offer on the AVC pages of their websites, and in the booklets or leaflets they provide.

These pages and booklets can be useful in helping you to make your decision, but you should consider taking some financial advice if you are not sure.

Remember that Civil Service Pensions, your employer or your scheme administrator, cannot give you financial advice. If you want to speak to a financial adviser before you make any decisions about your pension, you can check the Financial Conduct Authority website for tips on finding an adviser: [www.fca.org.uk](http://www.fca.org.uk)

### Can I cancel or change my payments?

Yes. If you decide to increase, decrease, or cancel your AVC payment, let your employer know and they will arrange this with your AVC provider.

If you cancel your AVCs any fund you have built up will remain in your selected investment funds until you decide to take your benefits.

### How do I pay for my AVC?

Your employer takes your AVC payments straight from your pay, in the same way as your main scheme pension contributions.

### Do I get any tax relief?

Yes. You get tax relief on your AVC contributions. If your payment is taken direct from your pay, the tax relief is applied at that point, so you shouldn't need to fill in any further forms or requests for HM Revenue & Customs.

### Are there any other tax implications?

Yes. When CSAVCS are paid, the money you get is taxed as an income just like your main pension. Pensions are subject to income tax, but lump sums up to 25% of your fund value are currently tax-free. If you choose a higher lump sum, there are further tax implications.

All your pension and lump sum benefits count as using up part of your Lifetime Allowance (LTA). If the total value of your pensions from all pension schemes exceeds your LTA you will need to pay an additional tax charge.

LTA and Annual Allowance (AA) information can be found in [Section 07A - Your pension and tax](#) or on the HM Revenue & Customs website.

Each tax year, when you make payments to any UK registered pension arrangements you have, the value of these pension benefits will usually increase. This growth is tested against an Annual Allowance which is set by HM Revenue & Customs.

You will normally have to pay an Annual Allowance charge on any increase in your pension's value that goes over the Annual Allowance.

The growth in your CSAVCS, your alpha pension and any other pension you may have in a UK registered pension scheme will count as using part of your Annual Allowance.

You should take this into consideration before buying CSAVCS. If you are unsure you should look into independent financial advice.

# Section 02E

## Thinking of retirement before your NPA



### When is the earliest I can retire?

You can claim your pension from your minimum pension age. In alpha this is currently age 55.

### Do I have to leave employment?

No. You can take early retirement from alpha either through full retirement when you do leave employment or partial retirement where you continue working, if your employer agrees.

### What happens to my pension if I take it before my NPA?

If your pension is paid before your NPA, it is likely it will be paid for more time than was originally intended. Your pension is adjusted to take this into account.

This means the pension is reduced, to take account of the extra time it is expected to be paid.

### How is the adjustment worked out?

The factors are worked out by the scheme actuaries, using assumptions such as life expectancy.

The pension you have built up to the date you retire is adjusted by the factor according to your age, and how early you are taking your benefits.

The simple rule is that the earlier you take your pension the larger the reduction will be in the pension that gets paid to you.

## Section 02E Thinking of retirement before your NPA

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There are a series of adjustment tables available on the Civil Service Pension Scheme website that show all of the reduction factors relevant to different NPAs.

### Will the adjustments always be the same?

No. The factors can be changed on the advice of the scheme actuaries.

### Does the early payment adjustment apply to preserved pensions?

Yes. If you claim your preserved pension early, it is adjusted for early payment.

### What if I have bought an EPA portion of my pension?

If you have built up an EPA portion, that portion can be paid without any early payment reduction before your NPA. You can choose an EPA option of NPA minus one, minus two, or minus three years.

#### For example:

if over the course of your career you built up your main alpha pension, an EPA portion of your pension (NPA minus one), and a second EPA portion (NPA minus three), you would have three separate pension portions. (In this example your NPA is age 68).

- The main alpha pension that can be paid in full at NPA (age 68).
  - An NPA minus one EPA portion that can be paid in full at NPA minus one (age 67).
  - An NPA minus three EPA portion that can be paid in full at NPA minus three (age 65).
- a. If you chose to retire at age 55, because this is before the age any of the portions can be paid in full, all the portions are reduced for early payment.
- b. If you chose to retire at age 67, the portions of your pension would be treated like this:
- The main alpha pension can be paid in full at NPA (age 68), so it is reduced for early payment.
  - The NPA minus one EPA portion can be paid in full from age 67, so is not adjusted.
  - The NPA minus three EPA option (age 65) is being paid late, and gets a late payment adjustment applied.

### Can I still exchange pension for a lump sum?

Yes. Your option to exchange is based on your pension after the early payment reduction has been applied.

### Is there a way to remove the early payment reduction?

Yes. You can make a lump sum payment to buy out the early payment reduction. You can find an online tool to work out the cost of buying out on the Civil Service Pension Scheme website.

# Section 02E

## Thinking of retiring before your Normal Pension Age (NPA), alpha and Principal Civil Service Pension Scheme (PCSPS) pension



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This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what happens to both portions of your pension if you claim your pension early.

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You can still retire early, even if you have some banked service from classic, classic plus, or premium, or some banked benefits from nuvos.

This will likely mean that you will have a separate portion of your pension with your previous NPA. This will affect the level of reduction, and if it is paid after your PCSPS NPA, the pension will not be reduced.

### What is my minimum pension age?

It is possible that you could have two different minimum pension ages for your alpha and your PCSPS pensions.

Members who joined before April 2006 will have a minimum pension age of 50 on their PCSPS benefits.

You cannot claim your alpha portion before age 55, but your PCSPS pension could be paid as long as you have left employment or partially retired.



# Section 02F

## Thinking of retirement after your Normal Pension Age (NPA)



### When is the latest I can retire?

Your alpha pension can be paid in full from your NPA, but you are under no obligation to retire at that point. You can continue to build up benefits in alpha as long as you remain an active member of alpha.

You do not have to take your pension by age 75, and you can remain an active member of alpha. However, building up and claiming pensions after age 75 can have an effect on the tax relief you will receive.

### Do I have to leave employment?

No. You can take your benefits from alpha either through full retirement when you leave employment or partial retirement where you continue working, if your employer agrees.

### What happens to my pension if I take it after my NPA?

If your pension is paid after your NPA, it is likely it will be paid for less time than it was originally intended. Your pension is adjusted to take this into account.

This means the pension is increased, because of the lower number of years it is expected to be paid.

### How is an adjustment worked out?

The pension you have built up to the date you retire is adjusted by the factor that's right for your age, and your NPA.

The simple rule is that the later you take your pension the larger an increase you'll see in your pension that gets paid to you.

### Will the adjustments always be the same?

No. The factors can be changed on the advice of the scheme actuaries.

### Does a late payment adjustment apply to alpha preserved pensions?

Yes. If you claim your pension late, it gets increased for late payment as well as being adjusted in line with prices.

### What if I have bought an EPA?

If you have bought an EPA portion of your alpha pension it can be paid without any early payment reduction before your NPA.

It is easier to explain using an example:

If over the course of your career you built up your main alpha pension, an EPA portion of your pension (NPA minus one), and a second EPA portion (NPA minus 3). You would have three separate pension portions. (In this example your NPA is age 68).

- The main alpha pension that can be paid in full at NPA (age 68).
  - A NPA minus one EPA portion that can be paid in full at NPA minus one (age 67).
  - A NPA minus three EPA portion that can be paid in full at NPA minus three (age 65).
- a. If you chose to retire at age 70, this is after the age that all of the portions can be paid in full, so all of the portions are increased for late payment.
- b. If you chose to retire at age 67, this is before the age your main alpha pension can be paid in full; this portion is reduced for early payment.
- The NPA minus one EPA portion can be paid in full from age 67, so is not adjusted.
  - The NPA minus three EPA portion is being paid late, and gets a late payment adjustment applied.

### Can I still exchange pension for a lump sum?

Yes. Your option to exchange is based on your pension after the late payment adjustment has been applied.

# Section 02F

## Thinking of retiring after your Normal Pension Age (NPA), alpha and the Principal Civil Service Pension Scheme (PCSPS) pension



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This section only applies to members who were in the PCSPS (classic, classic plus, premium, or nuvos) before 01 April 2015, and then moved from that scheme into alpha.

It does not cover every aspect of the scheme; full details are set out in the scheme rules, which are the legal basis of the scheme. You can find copies of the PCSPS scheme rules on the Civil Service Pension Scheme website.

Nothing in this guide can override the scheme rules. Every effort has been made to make this guide as accurate as possible, but in the event of any difference, the rules will apply. This guide is based on the rules current at the time of publication and there is no guarantee that any part of the rules will not change in the future. You should be aware that tax rates and limits are subject to change.

If this section applies to you, please read it carefully to understand what happens to both portions of your pension if you claim your pension late.

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You can still retire late, even if you have some banked service from classic, classic plus, or premium, or some banked benefits from nuvos.

This will likely mean that you will have a separate pension that has your previous NPA.

Your PCSPS pension is based on the rules of that scheme, and currently only nuvos pensions are increased for late payment. The other schemes have the payments backdated, as if they were paid from age 60, or from the day after you left employment that was covered by the scheme (if that is later).