

Information for Research Councils' Pension Scheme Members

Buying Added Pension ANNUAL REMINDER AND DEADLINE DATES

If you are in **RCPS 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 in a lump sum.

Read the added pension information – available on JSS website:

<http://jsspensions.nerc.ac.uk/members/increasing.asp>. Use the **calculator** to see how much you can buy and how much it will cost. Application forms can also be found on this page.

SCHEME YEAR 2018-19 DEADLINES

Paying by lump sum: You can make one lump sum payment at any time in the year. If an application form for a lump sum payment is not received by the deadline dates quoted below, it may be possible that the added pension purchase may not be processed in the 2018-2019 scheme year.

If you would like to make a lump sum payment in the 2018-2019 year via salary, you must send a completed application form to JSS by **22 February 2019** at the very latest in order that your payroll can be instructed in time for the money to be deducted from your March salary.

If you would like to make a lump sum payment via bank transfer, a completed application form should be received in JSS by **22 February 2019** upon receipt of which JSS will check eligibility and issue a formal request for payment.

If you would like to make a lump sum payment by cheque, a completed application form and payment must be received by **15 March 2019** at the very latest. This will ensure that eligibility checks can be carried out and that there will be enough time for the cheque payment to clear in the 2018-2019 scheme year.

SCHEME YEAR 2019-20 DEADLINES

Added pension by monthly contributions: If you would like to buy added pension by monthly contributions for scheme year 2019-20, you must send the completed application form to JSS by **15 March 2019** so that there is time to instruct your payroll to start making deductions from your April salary. If your application reaches JSS after this date there is the possibility it will not be processed in time. You can either pay a set amount or a set percentage of your pensionable pay.

Application forms can be found on the JSS website using the following link:

<http://jsspensions.nerc.ac.uk/members/increasing.asp>

Please note that, for members who are not protected from going in to the Alpha scheme should the RCPS reform with effect from April 2020 (new extended date), this may be the last opportunity to set up periodical contributions to purchase added pension in your current scheme.

JSS Pensions Administration

Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1UY

Limits

The current (2018-19) amount of added pension you can buy is £5,500 for **classic** members and £6,800 for **premium, classic plus** and **nuvos** members. For the scheme year 2019-20 the limits will increase to £5,700 for **classic** members and £7,000 for **premium, classic plus** and **nuvos** members.

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).

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 standard Annual Allowance amount for the tax year 2019-20 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 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 are in one of the final salary sections of the RCPS 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 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:

<https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm051100>

How much added pension can I afford?

Please see the added pension calculator on <http://jsspensions.nerc.ac.uk/members/increasing.asp>, which illustrates the costs. If you cannot access the calculator, please contact JSS.

Index Linking

The amount of added pension you buy will be increased each year. It will be increased at the end of each scheme year (31 March) by the amount of the Consumer Price Index at September in the previous year.

New Entrants

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

JSS - Contact details

E-mail: JSS.members@bbsrc.ac.uk

Direct line: 01793 411948