

## Added Years FAQs

Q. Who can buy added years?

A. Only eligible members of the HSC Pension Scheme 1995 Section can buy added years.

Q. Who is eligible to buy full cost added years?

A. The facility to buy full cost added years closed on 31 March 2008. If a member expressed an interest by that date there was one final chance to buy them under a contract starting from their birthday in the year 1 April 2008 to 31 March 2009. Please check that an expression of interest was made.

Q. Who is eligible to buy half cost added years?

A. Only those who lost membership because they took a refund of HSC Pension contributions for a period of membership prior to 6 April 1978, or for any period when they were a self-employed GP.

The half cost added years' facility remains open and new contracts can start after 31 March 2009. Enquiries must be referred to HSC Pensions to confirm eligibility.

Q. How much will it cost and how will payment be made?

A. For all full cost and most half cost purchases, the price is set as a percentage of pensionable pay. The price is fixed at the outset so the member will have the same percentage deducted from their pay in every pay period. Tax relief will normally be available on the contributions.

Q. What is the maximum amount that can be paid?

- A. There is a limit on contributions and this may affect the number of years that can be bought. If the standard membership contribution is:
- 5% of pay, the maximum contribution for added years is 10% of pensionable pay.
  - More than 5% of pay, the maximum contribution for added years is 9% of pensionable pay.

- Q. When will the payments start and end?
- A. A contract to buy half cost added years starts from a members birthday and members can choose to complete the payments on their 60<sup>th</sup> or 65<sup>th</sup> birthday, but members of the special classes can also choose age 55.
- Q. Can payment be made by lump sum?
- A. A member who is eligible to buy half cost added years might be able to pay the full cost in a single payment. This option is only available in the first 12 months after rejoining the scheme following a break in membership of 12 months or more.
- Q. Is tax relief available on the contributions?
- A. HM Revenue and Customs (HMRC) allow tax relief on pension contributions up to 100% of relevant UK earnings for the tax year.
- Q. Can an application be made whilst absent from work or when my pay is reduced?
- A. No. An application cannot be made when absent from work or during a period when earnings are reduced or have ceased. The application will only be accepted if we are satisfied that the member is in good health and there is no reason why their health would prevent them from completing the payments.
- Q. How is an application for payment by regular contributions made?
- A. An application is made on form AB54. You must verify the member's date of birth before sending the application to HSC Pension Service. Deduct the contributions from the pay at the same time as the standard membership contribution.
- Q. How is an application for payment by lump sum made?
- A. If the member is eligible to buy half cost added years by a single payment, the member must pay you the full gross cost and apply to HMRC for tax relief. You must verify the member's date of birth before sending the application to HSC Pension Service.

- Q. Can an added years contract be cancelled?
- A. A member will normally be expected to pay the extra contributions until their chosen end age. If payments change or stop before that age, the number of added years they are buying will normally be affected. Any request to stop making payments should be made in writing and sent to HSC Pensions for approval.
- Q. Can a member buy added years and an Additional Pension at the same time?
- A. Yes, this may be possible.