

Increasing your benefits Additional Pension (AP)

AP is a flexible way of increasing your Scheme pension. It allows you to choose to buy extra annual pension and see clearly how much the purchase will cost. Under this option you elect to buy a set amount of annual pension for an agreed amount of contributions that you can choose to pay either as a lump sum or as a regular payment for an agreed period of time.

AP is paid at the same time as your main Scheme pension. If it is paid before your normal pension age it will be reduced to take account of its early payment. AP can be bought at any time during the year as either:

- personal cover which increases your own pension benefits only
- dependants cover, which increases your own pension and the benefits that will be payable to your spouse, partner or dependent children after your death.

AP does not include an automatic lump sum but you can include your AP in the total pension that is given up, or commuted, to provide a bigger lump sum.

Irrespective of your working pattern you will get the same amount of AP at retirement and the cost of purchasing AP is the same whether you work full-time or part-time.

How much can I buy?

Section	Maximum Purchase Amount	Minimum Purchase Amount (Units Of)	Dependants Cover (per £250)	
			Partner	Child
1995 Section	£5000	£250	£125	£62.50
2008 Section	£5000	£250	£93.75	£46.88
2015 CARE Scheme	£6500	£250	£84.38	£42.19

AP purchased is increased in line with monthly increases in the rate of inflation both before the AP comes into payment ('a pre-payment increase') and also whilst it is being paid ('an in-payment increase'). If the application to buy AP was made:

- On or before 31 March 2011 – it will attract pre-payment increases in line with the Retail Prices Index (RPI) and in-payment increases in line with Consumer Prices Index (CPI).
- On or after 1 April 2011 – both the pre-payment and the in-payment increases will be in line with the CPI.

Can everyone apply to buy AP?

Yes, provided that you are a contributing member of the Scheme, in good health and not absent from work for any reason. You can make any number of AP purchases throughout your Scheme membership before reaching your normal pension age. You must also complete the purchase before your normal pension age.

In some circumstances your employer may wish to buy some AP for you. They would do this by making a single payment on your behalf.

How much does it cost?

The cost of AP is determined by factors provided by the Scheme Actuary. It can be paid for either by a single lump sum or by instalments from your pay, over a complete number of years of your choice, up to a maximum of 20 years.

Will I pay the same amount every month?

Usually yes. Purchase by instalments is however subject to review based on advice from the Scheme Actuary, and following review the cost of future instalments of an existing arrangement could be changed. Actuarial reviews of the Scheme take place every four years.

If the cost of future instalments increases as a result of a review you will have the option to end your purchase. You would then be credited with the proportion of AP that you had paid for.

What if I have short breaks in my HSC employment?

If you have breaks in HSC employment of less than 12 months e.g. between changing jobs with another HSC employer, you will be given the opportunity to continue your agreement. You will need to make up any missing instalments; if this happens tell your new employer about your AP purchase and make arrangements to pay the outstanding instalments.

What if I stop paying my instalments?

If you stop paying instalments within the first 12 months because you die or retire on ill-health grounds, the agreement will be cancelled and your additional contributions will be returned.

If you stop paying instalments after 12 months because you die or retire on ill-health grounds, you will be credited with the AP amount and all future additional contributions will be waived. If you die, this will only have effect if you have taken AP with dependants cover.

If you stop paying instalments for any other reason, the AP agreement will be terminated and you will be credited with the proportion of the AP that you have paid for.

How do I apply?

If you are interested in purchasing AP you should complete the preliminary application to purchase additional pension. The [AP1](#) form if you are a protected member of the 1995 or 2008 scheme and the [AP1-CARE](#) if you are a member of the 2015 CARE Scheme which you can find here. The form should be forwarded to the HSC Pension Service.

Once you have decided to proceed, the election to purchase additional pension form must be completed and forwarded to the HSC Pension Service the [AP2](#) form for a protected member and [AP2-CARE](#) for a member of the 2015 CARE Scheme.

You may be able to increase your benefits through the AP arrangement as well as other methods described in this factsheet. This is subject to overall HMRC and Scheme limits.

Contact Details:

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