

Example annual allowance calculation

– NHS staff and practitioner membership (1995 Section)

A General Medical Practitioner who completed 4 years 237 days hospital training as an NHS Staff member (staff membership) prior to becoming a Type 1 (GP Partner) (practitioner membership), and who has spent 30 years 140 days as a practitioner has dynamised total earnings of £2,644,399.34 at the start of the pension input period. By the end of the pension input period, dynamised pay has increased to £2,944,544.03 (including additional pay of £133,937.00 and increase dynamising figures) whilst the time spent as a practitioner has increased to 31 years 140 days.

At the start of the pension input period (1 April), the pension and lump sum are calculated:

- Staff membership 4 years 237 days
- Practitioner membership 30 years 140 days
- Membership is calculated by taking the members total membership and dividing this by practitioner membership.

Opening value at 1 April

Pension =

$$\text{£2,644,399.34} \times 1.4\% \times \frac{(4 \text{ years and } 237 \text{ days} + 30 \text{ years and } 140 \text{ days})}{30 \text{ years and } 140 \text{ days}} = \text{£42,686.66}$$

Lump sum =

$$3 \times \text{Pension} = \text{£128,059.98}$$

$$\text{Opening value} = (\text{£42,686.66} \times 10) + \text{£128,059.98} = \text{£554,926.58}$$

Closing value at 31 March

Pension =

$$\text{£2,944,544.03} \times 1.4\% \times \frac{(4 \text{ years and } 237 \text{ days} + 31 \text{ years and } 140 \text{ days})}{31 \text{ years and } 140 \text{ days}} = \text{£47,330.69}$$

Lump sum =

$$3 \times \text{Pension} = \text{£141,992.07}$$

$$\text{Closing value} = (\text{£47,330.69} \times 10) + \text{£141,992.07} = \text{£615,298.97}$$

$$\text{Annual allowance used up} = \text{£615,298.97} - \text{£554,926.58} = \text{£60,372.39}$$

The amount of the annual allowance used is £60,372.39 so this member will not have to complete the Annual Allowance section on any HMRC self-assessment tax return.

This document reflects current law and practice as at July 2010