

NHS Pensions - Annual Allowance example calculation 6: Annual Allowance exceeded (due to promotion and purchase of Additional Pension)

Criteria:

Pensionable service of 33 years at 31 March 2012

Purchased £3,000 Additional Pension by single lump sum payment on 1 October 2010 - attracting pre payment increases.

Salary of £165,000 at 31 March 2012, increasing to £175,000 in the pension input period at 31 March 2013

Whole time Membership in the 1995 section

CPI @ 5.2%

Pension input period 1 April 2012 to 31 March 2013

Opening Value of pension input period

Step 1

Pension (£165,000 x 33/80)	=	£68,062.50
Added Pension	=	<u>£3,187.33</u>
		£71,249.83

Step 2

Pension x 16	=	£1,139,997.28
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Step 3

Lump Sum (£68,062.50 x 3)	=	<u>£204,187.50</u>
		£1,344,184.78

Step 4

£1,344,184.78 + 5.2%	=	£1,414,082.39
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Closing Value of pension input period

Step 1

Pension (£175,000 x 34/80)	=	£74,375.00
Added Pension	=	<u>£3,289.64</u>
		£77,664.64

Step 2

Pension x 16	=	£1,242,634.24
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Step 3

Lump Sum (£74,375.00 x 3)	=	<u>£223,125.00</u>
		£1,465,759.24

Pension input amount

£1,465,759.24 - £1,414,082.39	=	£51,676.85
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AA exceeded (£51,676.85 - £50,000)	=	£1,676.85
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