

Mr A N Other
Address Line 1
Address Line 2
Address Line 3
Address Line 4
Address Line 5
Post Code

NHS Pensions
PO Box 2269
Bolton
BL6 9JS

www.nhsbsa.nhs.uk/pensions

Member helpline: 0300 330 1346
E-mail: nhsbsa.annualallowance@nhs.net

Membership No: SD

Date:

Dear ,

1995/2008 NHS Pension Scheme – Annual Allowance Pension Savings Statement (2015/2016)

We are writing with important information about your pension savings in the 1995/2008 NHS Pension Scheme and HM Revenue and Custom's (HMRC's) transitional rules affecting the Annual Allowance for the tax year 2015/2016. **You need to take action to work out whether you have a tax charge to pay.**

We have sent this statement for one of the following reasons:

- Growth in your 1995/2008 NHS Pension Scheme benefits exceeds the Annual Allowance (£80,000 for the combined growth or £40,000 for the post-alignment growth).
- You are a transition member, with pension entitlement in both NHS Pension Schemes, and the total growth in your NHS benefits across both the 1995/2008 Pension Scheme and the 2015 NHS Pension Scheme exceeds the Annual Allowance. You will receive a statement from each Scheme.
- You have requested a statement.
- A third party has requested a statement on your behalf (you will need to forward this to them).
- NHS Pensions has revised a previous statement due to a notification by you of amended data.

HMRC's Transitional Rules for 2015/2016

The pension input period is the period of time over which your NHS pension growth is measured. Up to and including tax year 2014/2015 this was the scheme year and ran from 1 April to 31 March.

HMRC introduced transitional rules for the 2015/2016 tax year with the result that all registered pension schemes must go through a complicated process to align the pension input period to the tax year. For 2015/2016 there will be a combined pension input period from 1 April 2015 to 5 April 2016.

Pension input periods that were open on 8 July 2015 are treated as having ended that day with the next pension input period running from 9 July 2015 to 5 April 2016. Members with active membership during the combined period have two mini tax years, each with a separate pension input period in 2015/2016.

For tax year 2015/2016 the 1995/2008 NHS Pension Scheme has a pre-alignment tax year from 1 April 2015 to 8 July 2015 and a post-alignment tax year from 9 July 2015 to 5 April 2016.

Your 2015/2016 Annual Allowance Pension Savings Statement

Combined Pension Input Period

We first calculated the pension growth for the combined pension input period.

Combined Pension Input Period Start	Combined Pension Input Period End	Growth (Combined Pension Input Amount)
--	--	---

01/04/2015	05/04/2016	£
------------	------------	---

Mini Tax Years

The combined pension input amount is then apportioned between the pre- and post-alignment pension input periods in line with HMRC's transitional rules for 2015/2016.

These rules ensure that pension growth of up to £80,000 made before 9 July 2015 is protected from an Annual Allowance charge. They also allow for a potential carry forward of up to £40,000 of unused Annual Allowance from the pre-alignment tax year to the post-alignment tax year.

Pension Input Period Start	Pension Input Period End	Annual Allowance	Growth (Pension Input Amount)
Pre-Alignment Tax Year			
01/04/2015	08/07/2015	£80,000	£
Post-Alignment Tax Year			
09/07/2015	05/04/2016	£0.00 ¹	£
¹ Carry forward of up to £40,000 unused Annual Allowance from the pre-alignment tax year.			

Carry Forward Years

Details of pension growth in the 1995/2008 NHS Pension Scheme in your carry forward years are:

Pension Input Period Start	Pension Input Period End	Annual Allowance	Growth (Pension Input Amount)
01/04/2014	31/03/2015	£40,000	£
01/04/2013	31/03/2014	£50,000	£
01/04/2012	31/03/2013	£50,000	£

The above figures are based on the information held on your pension record at the time of the Annual Allowance calculations. NHS Pensions must report annually to HMRC where growth in the 1995/2008 NHS Pension Scheme exceeds the Annual Allowance.

Paying the correct level of tax is your individual responsibility. NHS Pensions is unable to give advice on your personal tax circumstances, or undertake any tax liability calculations for you.

You should pass this statement to your tax adviser so they can assess whether you have exceeded the Annual Allowance for the 2015/2016 tax year and if necessary include any Annual Allowance charge on your self assessment tax return.

The 'Important Information' section of this statement provides guidance on the action you must now take. Also included is an explanation of how we have calculated your growth, information on the use of unused Annual Allowance from the carry forward years as well as where to find further information about Annual Allowance.

Yours sincerely

NHS Pensions

Important Information

The growth in all your pension savings, except a State Pension, must be tested against the Annual Allowance each tax year. This statement does not include details of any pension savings you may hold with either the 2015 NHS Pension Scheme, the NHS Money Purchase AVC Scheme or any other pension provider.

How your 1995/2008 NHS Pension Scheme growth is calculated

In order to find the growth during the combined pension input period, the calculation steps are as follows:

1. Obtain the pension at the day before the start of the combined pension input period.
2. Multiply the pension by 16.
3. Add your lump sum to this (1995 Section members only).
4. Revalue the total amount by adding the relevant CPI percentage (see table below). **This is your opening value.**
5. Obtain the pension² at the end of the combined pension input period.
6. Multiply the pension by 16.
7. Add your lump sum to this (1995 Section members only). **This is your closing value.**
8. Deduct the opening value from the closing value. **This is your combined pension input amount.**

² Your pension has been calculated using up-rated pensionable service for the additional days in the combined pension input period unless you left the 1995/2008 NHS Pension Scheme on or before 31 March 2016.

Opening and Closing Values

Your opening and closing values are:

Pension Input Period	Opening Value Including CPI	Closing Value
01/04/2015 – 05/04/2016	£	£
01/04/2014 – 31/03/2015	£	£
01/04/2013 – 31/03/2014	£	£
01/04/2012 – 31/03/2013	£	£

CPI percentages for each year:

Tax Year	2011/12	2012/13	2013/14	2014/15	2015/16
CPI %	3.1%	5.20%	2.20%	2.70%	2.5% ³

³ CPI is 1.20% but has been amended to 2.5% in HMRC's legislation for Annual Allowance purposes only.

If there is a change to your pensionable pay or membership your employer must inform us. You will then need to write and request a revised Annual Allowance Pension Savings Statement – a new statement will **not** be issued until a request is received.

Pension Input Amounts in the Mini Tax Years

The pension input amounts for the pre- and post-alignment tax years are a proportion of the combined pension input amount.

The pre- and post-alignment pension input amounts are calculated by multiplying the combined pension input amount by a time apportioned percentage.

Pre-alignment pension input period

The pension input amount for the pre-alignment pension input period is the proportion of the combined period pension input amount that relates to 1 April 2015 to 8 July 2015.

The time-apportioned percentage for the pre-alignment pension input period is:

$$\frac{D - 272}{D} \times 100 = \%$$

Where D is the number of days in the combined pension input period.

Post-alignment pension input period

The pension input amount for the post-alignment pension input period is the proportion of the combined period pension input amount that relates to 9 July 2015 to 5 April 2016. This period includes 29 February 2016.

The time-apportioned percentage for the post-alignment pension input period is:

$$\frac{272}{D} \times 100 = \%$$

Where D is the amount of days in the combined pension input period.

Alternative Annual Allowance

From 6 April 2015 members who flexibly access their defined contribution pension savings, including those in the NHS AVC Scheme, will trigger modified money purchase annual allowance rules and may have a Money Purchase Annual Allowance of £10,000 for their defined contribution scheme savings.

If the £10,000 money purchase annual allowance limit is exceeded, members will have a reduced Alternative Annual Allowance in 2015/2016 of £60,000.

Carry Forward

Members will have an Annual Allowance of £80,000 for the pre-alignment tax year, plus any available carry forward of unused Annual Allowance from the previous three tax years, 2014/2015, 2013/2014 and 2012/2013.

Pension growth from 9 July 2015 to 5 April 2016 will have a nil Annual Allowance, but up to £40,000 of any unused Annual Allowance from the pre-alignment tax year can be added to this, plus any Annual Allowance still unused from the previous three tax years.

Please note, if you have more than £40,000 unused Annual Allowance from the pre-alignment tax year, only a maximum of £40,000 can be carried forward to the post-alignment tax year.

Members with an Alternative Annual Allowance of £60,000 can carry forward up to £30,000 of unused Annual Allowance from the pre-alignment tax year to the post-alignment tax year.

Scheme Pays

If you have an Annual Allowance charge you can pay this via self-assessment directly to HMRC by completing form SA101 - Additional Information. HMRC has published a help sheet - HS345 with guidance on the Annual Allowance at: www.gov.uk/

Alternatively, you may be able to ask NHS Pensions to pay all, or part, of your Annual Allowance charge to HMRC on your behalf by **permanently** reducing your 1995/2008 NHS Pension Scheme benefits. This is called Scheme Pays.

For a request for Scheme Pays to be accepted the following mandatory conditions must all be met:

- The growth in your 1995/2008 NHS Pension Scheme pension benefits exceeds £80,000 for the combined pension input period or exceeds £40,000 for the post-alignment pension input period (before utilising any unused Annual Allowance by carry forward). £60,000 and £30,000 if you are subject to the Alternative Annual Allowance.
- Your Annual Allowance charge must be more than £2,000.
- An (initial) application must be received by NHS Pensions on or before 31 July 2017 (or earlier if you are retiring or have your 75th birthday before this date).

If you are a transition member a request for voluntary Scheme Pays may be accepted if the following conditions are met:

- The growth in your pension benefits added together from both the 1995/2008 NHS Pension Scheme and the 2015 NHS Pension Scheme exceeds £80,000 for the combined pension input period or exceeds £40,000 for the post-alignment pension input period (before utilising any unused Annual Allowance by carry forward). £60,000 and £30,000 if you are subject to the Alternative Annual Allowance.
- Your Annual Allowance charge must be more than £2,000.
- An (initial) application must be received by NHS Pensions on or before 31 July 2017 (or earlier if you are retiring or have your 75th birthday before this date).

To ask NHS Pensions to pay your Annual Allowance charge you must complete the Scheme Pays Election Notice (SPE2) available on our website, and return to us by HMRC's deadline. This deadline is earlier if you are retiring in the same year as your charge occurs or you have a 75th birthday. Information about Scheme Pays and how to complete the election notice is available on our website.

Further Information

Information about the Annual Allowance can also be found on HMRC's website at: <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual>

Further information about your Pension Savings Statement, the Annual Allowance and Scheme Pays can be found at: <https://www.nhsbsa.nhs.uk/nhs-pensions>

You can also find further information by accessing the NHS Business Services Authority knowledge base 'Ask Us' at: <https://www.nhsbsa.nhs.uk/nhs-pensions>