NHS Pensions - Annual Allowance example calculation 5: Annual Allowance exceeded (where there is a nil input value)

Criteria:

Pensionable service of 30 years at 31 March 2012

Salary of £140,000 at 31 March 2012

Salary remains at £140,000 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 (£140,000 x 30/80)   =   £52,500.00

Step 2

Pension x 16   =   £840,000.00

Step 3

Lump Sum (£52,500.00 x 3)   =   £157,500.00
                                                           £997,500.00
Step 4

£997,500.00 + 5.2%   =   **£1,049,370.00**

Closing Value of pension input period

Step 1

Pension (£140,000 x 31/80)   =   £54,250.00

Step 2

Pension x 16   =   £868,000.00

Step 3

Lump Sum (£54,250.00 x 3)   =   <u>£162,750.00</u>
                                                £1,030,750.00

Pension input amount

£1,030,750.00 - £1,049,370.00   =   **£0.00 (-£18,620.00)**

Unused AA (£50,000 – £0.00)   =   £50,000.00