NHS Pensions - Annual Allowance example calculation 7: Annual Allowance exceeded (due to crystalisation of benefits)

Criteria:

Pensionable service of 39 years at 31 March 2011

Salary of £80,000 at 31 March 2011

Leaves scheme on 31 December 2011 and retires from 1 January 2012. Salary at leaving was £84,000. Pension £41,741.10 and lump sum £125,223.30.

Whole-time Membership in the 1995 section

CPI @ 3.1%

Pension input period		1 April 2011 to 31 March 2012

Opening Value of pension input period

Step 1

Pension (£80,000 x 39/80)	=	£39,000.00

Step 2

Pension x 16	=	£624,000.00

Step 3

Lump Sum	=	£117,000.00
		£741,000.00

Step 4

£741,000.00 + 3.1%	=	**£763,971.00**

Closing Value of pension input period

Step 1

Pension   =   £41,741.10

Step 2

Pension x 16   =   £667,857.60

Step 3

Lump Sum   =   £125,223.30
                                                    £793,080.90

Pension input amount
£793,080.90 - £763,971.00   =   **£29,109.90**

Unused AA (£50,000 – £29,109.90)   =   £20,890.10