

NHS Pensions - Pension Tax Changes - Annual Allowance Statements

Reduced Annual Allowance - Information to be provided to members

The Annual Allowance has reduced from £255,000 to £50,000 from 2011/12 as contained in the Finance Act 2011, which became law in July 2011.

NHS Pensions intends to provide an Annual Allowance Pension Savings Statement to members of the NHS Pension Scheme in certain circumstances as shown below.

Information provided automatically

NHS Pensions aims to provide an Annual Allowance Statement to members who are over the Annual Allowance in the NHS Pension Scheme. It aims to provide these by 6 October 2013, in relation to the scheme years 2011/12 and 2012/13, as long as information, including pensionable pay information, has been provided by the relevant employer*.

Information provided on request

Schemes have been given until 6 October 2013 to provide information to members who request an Annual Allowance Statement, for both of the years 2011/12 and 2012/13, and for their associated carry forward years. NHS Pensions will however aim to deliver Statements prior to October 2013, where possible.

What will the Annual Allowance Statement contain?

The Statement will normally contain the following information:

- The Pension Input Amount** for the NHS Pension Scheme for 2011/12
- The Pension Input Amount for the NHS Pension Scheme for the years 2008/09, 2009/10 and 2010/11
- The Annual Allowance for each of the years shown above

Member responsibilities

NHS Pensions will only provide an Annual Allowance Statement in relation to NHS Pension Scheme membership. It is the member's responsibility to:

- Check whether they breach the annual allowance limit
- Calculate their overall Pension Input Amount, taking account of any other pension savings they have made outside the NHS Pension Scheme
- Declare and pay any tax due for 2011/12 onwards, via self assessment, by the required deadlines.

Member deadlines

HM Revenue and Customs rules require that members who are over the Annual Allowance and who have tax to pay must do so via self assessment, or via the Scheme Pays process, if they meet the criteria. For 2011/12 the deadline for declaring any tax to be paid is 31 January 2013.

The HM Revenue and Customs self assessment process enables members to estimate any tax payable on their tax return. Members will then have 12 months in which to correct any estimated information provided. More information regarding this can be found on the HMRC website.

Members of the NHS Pension Scheme will normally be able to use the calculators and ready reckoners available on the NHS Pensions website or via their employers to estimate their annual allowance used in the NHS Pension Scheme.

Practitioners who build up Career Average Re-valued Earnings (CARE) benefits cannot use these tools and may therefore wish to consider discussing how to estimate their annual allowance usage with their accountant or tax adviser.

*all information to enable NHS Pensions to calculate the pension input amount is required

**The Pension Input Amount is the amount of annual allowance that has been used up

Further Information

Further information on the annual allowance and Scheme Pays can be found at:

www.hmrc.gov.uk/pensionschemes