

NHS Pensions - Glossary of Annual Allowance terms

Adjusted Income	Is the amount of taxable income which causes an individual to be subject to the Tapered Annual Allowance.
Annual Allowance (AA)	The maximum amount of growth you can have each year in your pension savings that benefits from tax relief.
Annual Allowance Charge	A tax on pension saving growth in excess of the Annual Allowance charged at your marginal rate of income tax for the relevant tax year .
Annual Allowance Valuation	The name sometimes given to the Pension Saving Statement .
Benefit Crystallisation Event (BCE)	A defined event or occurrence that triggers a test of your benefits 'crystallising' at that point against your available Lifetime Allowance , usually when you retire.
Capital Value	For Annual Allowance this is 16 x annual pension plus any entitlement to a lump sum.
Carry Forward	The amount of the unused Annual Allowance remaining from the three previous tax years that can be used to offset an Annual Allowance charge in the relevant tax year .
Closing Value (or Closing Balance)	The amount of your pension benefits at the end of the pension input period .
Consumer Prices Index (CPI)	The inflation rate used to increase the opening value .
HMRC Factor	A flat factor of 16 (for Annual Allowance).
Lifetime Allowance (LTA)	There is no limit placed on the amount of pension benefits you can build up, however there is a ceiling on the maximum amount of pension benefits that benefit from tax relief when they leave the Scheme.
Marginal rate (of income tax)	The rate of income tax used to calculate the Annual Allowance charge ; this is determined by your tax band during the relevant tax year and will be affected by the Scottish or Welsh Rate of Income Tax where appropriate.

Money Purchase Annual Allowance	From 6 April 2015 applies to individuals who have flexibly accessed a money purchase arrangement and have caused a 'trigger event'.
Notional Negative Defined Contribution (DC) Account	The method used in the NHS Pension Scheme to recover the cost of Scheme Pays . The amount in the notional account is then increased at an agreed roll-up rate from the relevant date to the date pension benefits are paid out due to retirement or a transfer out.
On Demand	The request for a Pension Saving Statement .
Opening Value (or Opening Balance)	The capital value of your pension benefits on the day before the beginning of the pension input period .
Pension Input Amount (PIA)	Quantifies the amount of pension benefit growth during the pension input period . The closing value less the opening value .
Pension Input Period (PIP)	The period over which the growth in your pension benefits is measured.
Pensions Saving Statement (PSS)	A notification letter sent because you have growth in the NHS Pension Scheme or NHS MPAVC Scheme of more than the Annual Allowance , or a statement has been requested on demand .
Pension Scheme Services HM Revenue & Customs (HMRC)	The HMRC team that deals with lifetime allowance and annual allowance. Their address is: Pension Scheme Services HM Revenue and Customs BX9 1GH
Relevant Date	This is the annual date that interest will be added if the Scheme Pays option is chosen to pay the Annual Allowance Charge .
Relevant Tax Year	The tax year in which the pension input period ends.
Roll-up Rate	The revaluation of the Notional Negative DC Account agreed by the Scheme Actuary from the revaluation date to the date of retirement or transfer out.
Scheme Pays	Where a member asks the Scheme to pay their Annual Allowance charge to HMRC on their behalf. This charge will be recovered at retirement or transfer out causing a permanent reduction in benefits.
Scheme Pays Election (SPE) Notice	The notification that must be sent to NHS Pensions if a member wishes to use Scheme Pays . A hard copy with the member's signature is always required.

Self-Assessment Tax Return form	The form used to confirm your tax return to HMRC. This can be found at: http://www.hmrc.gov.uk/forms/sa101.pdf http://www.hmrc.gov.uk/helpsheets/hs345.pdf
Severe Ill Health Condition (SIHC)	A HMRC defined test if you are retiring due to ill health. There is no Annual Allowance charge in the relevant tax year that the Severe II Health Condition test is met.
Standard Annual Allowance	The term used to describe the normal Annual Allowance available to all individuals and the amount above which a Pension Saving Statement must be sent.
Tapered Annual Allowance	From 6 April 2016 individuals with taxable income above the Adjusted Income will have their standard Annual Allowance tapered.
Threshold Income	Is the amount of the income floor below which the Tapered Annual Allowance will not apply.
Total Notional Negative DC Account Balance	The total balance held in the Notional Negative DC Account after the roll-up rate had been applied.
Total Pension Input Amount	The total amount of your entire pension input amounts with all your pension providers.