

## Your guide to NHS Pensions & the tapered annual allowance

The **tapered annual allowance (TAA)** was introduced in HMRC legislation on **6 April 2016**. If you have a NHS Pension and you are a high earner, it put limits on the amount of tax relief you can get on your pension contributions.

The limit is based on the amount of taxable income you have and applies to everything that you save towards your pension and pension benefits, not just your NHS Pension Scheme benefits. Your state pension doesn't count towards your tapered annual allowance.

### What changed in 2020?

From **6 April 2020** the taxable income and adjusted income limits were changed for the tapered annual allowance.

	6 April 2016 to 5 April 2020	6 April 2020
Taxable income	£110,000.00 per year	£200,000.00 per year
Adjusted income	£150,000.00 per year	£240,000.00 per year

If your taxable income was less than these amounts or your adjusted income was less than these amounts, the tapered annual allowance does not affect you.

If you have taken any pension benefits early you should check to see if you might be affected by the [money purchase annual allowance](#).

### What if I have gone over the adjusted income limit?

From **6 April 2016**, your annual allowance was reduced by **£1.00** for every **£2.00** that you had gone over the limit. Your standard annual allowance of **£40,000** is reduced to a minimum tapered annual allowance of **£10,000**. From **6 April 2020** this reduced to **£4,000**.



### How to check if you're affected by the tapered annual allowance

If you think that you are affected by the tapered annual allowance, you should ask NHS Pensions for a pension savings statement (PSS). When NHS Pensions receive your request for a pension savings statement they will do this within 3 months after having all the information they need to calculate your NHS Pension Scheme benefits growth, or by 6 October after the end of the tax year – whichever is the later.

If you have any other pensions or pension savings you need to ask all those other providers to give you a pension savings statement.

If you've gone over the tapered annual allowance limit, then you might have an annual allowance charge to pay to HMRC. The amount of the payment you will need to pay to HMRC depends on how much you have gone over the annual allowance, and if you have any amounts available to carry forward.

You can carry forward any of your annual allowance that you have not used from the last 3 tax years to reduce how much you might need to pay to HMRC. You can pay the charge directly to HMRC, or you can ask NHS Pensions to pay it to HMRC for you, under the scheme pays option. There is a separate guide which explains about this option.

You'll find lots more information in the ['Ask Us' knowledgebase](#), on the [NHS Pensions website](#) and in the [HMRC Pension Tax Manual](#). You should always think about getting independent financial advice about your pension and potential tax implications.

### Annual allowance levels based on income

