NHS Pensions - Annual Allowance example calculation 3: Annual Allowance exceeded (due to promotion)

Criteria:

Pensionable service of 25 years at 31 March 2012

Salary of £25,000 at 31 March 2012

Promotion during the pension input period taking salary to £40,000 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 (£25,000 x 25/80)   =   £7,812.50

Step 2

Pension x 16   =   £125,000.00

Step 3

Lump Sum (£7,812.50 x 3)   =   £23,437.50
                                                                £148,437.50

Step 4

£148,437.50 + 5.2%   =   **£156,156.25**

Closing Value of pension input period

Step 1

Pension (£40,000 x 26/80)   =   £13,000.00

Step 2

Pension x 16   =   £208,000.00

Step 3

Lump Sum (£13,000.00x 3)   =   £39,000.00
£247,000.00

Pension input amount

£247,000.00 - £156,156.25   =   **£90,843.75**

AA exceeded (£90,843.75 - £50,000) = £40,843.75