NHS Pensions - Annual Allowance example calculation 4: Annual Allowance exceeded (due to Clinical Excellence Award)

Criteria:

Pensionable service of 36 years at 31 March 2012

Salary of £100,000 at 31 March 2012

Clinical Excellence Award received during the pension input period increases the reckonable pay to £135,000 at 31 March 2013

Whole time Membership in the 2008 Section

CPI @ 5.2%

Pension input period   1 April 2012 to 31 March 2013

Opening Value of pension input period

Step 1

Pension (£100,000 x 36/60)   =   £60,000.00

Step 2

Pension x 16   =   £960,000.00

Step 3

Lump Sum   =   £0.00
                                       £960,000.00

Step 4

£960,000.00 + 5.2%   =   **£1,009,920.00**

Closing Value of pension input period

Step 1

Pension (£135,000 x 37/60) = £83,250.00

Step 2

Pension x 16 = £1,332,000.00

Step 3

Lump Sum = £0.00
£1,332,000.00

Pension input amount

£1,332,000.00- £1,009,920.00 = **£322,080.00**

AA exceeded (£322,080 - £50,000) = £272,080.00