

A guide to your **Pension Savings Statement** **2024**

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About this guide

The subject of pensions and tax can be complicated. We have created this guide to explain your Pension Savings Statement and help if you have an Annual Allowance tax charge to pay.

This guide explains the information on each page of your Pension Savings Statement and highlights actions which you may need to take.

It is important that you review your pension savings to determine if you have a tax charge to pay:

- If you are a member of alpha only, please refer to page 7
- If you have dual membership (you were a member of PCSPS(NI) but are now a member of alpha) please refer to both pages 6 & 7

You can find more information about pensions and tax using the links provided below.

- www.finance-ni.gov.uk/articles/pensions-and-tax
- www.gov.uk/tax-on-your-private-pension/overview
- www.gov.uk/government/organisations/hm-revenue-customs


The figures on your Pension Savings Statement have been calculated using information provided by your employer. It is your employer's responsibility to ensure this information is correct and up to date. If you think the information contained in your statement may be wrong, you must contact Civil Service Pensions before declaring any tax charge to HM Revenue & Customs (HMRC).

What is your Pension Savings Statement?


Your Pension Savings Statement provides important information about the growth of the defined benefit part of your NI Civil Service pension. It will help you decide if you have a pensions' tax charge to pay.

We will send you a statement if you have breached your Annual Allowance in 2023/24.

Annual Allowance is the maximum growth in the value of your pension savings each year that can benefit from tax relief. The Annual Allowance applies to your entire pension savings with UK registered pension schemes. So, if you have any other pension savings apart from your Civil Service pension, you must also take those into account to determine if you have a tax charge to pay. For example, if you make Northern Ireland Civil Service Additional Voluntary Contributions (NICSAVCs), they are not included in this statement and you will need to contact the relevant pension provider(s) to obtain further information.



NICSHR
ADSTÉ



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Finance
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Our Ref: 123456
Date: September 2024

Your Pension Savings Statement(s)

Dear Mrs Other,

We're writing to you with some important information about tax and your Northern Ireland Civil Service (NICS) Pension. You'll need to use the information contained within this letter to **establish whether or not you have a tax charge to pay**.

The maximum amount of pension savings that you can earn in a single year that benefit from tax relief is called the **Annual Allowance**. If the growth in your pension savings in any one year is more than the Annual Allowance, you may be liable to pay tax on the amount that's over the allowance.

HM Revenue & Customs sets the rules regarding Annual Allowance and they apply to anyone with savings in a UK registered pension scheme, such as the NICS pension schemes.

Enclosed with this letter, is an Annual Allowance Pension Savings Statement for each NICS pension scheme you are a member of. The statement(s) will show the growth in your pension savings in the Principal Civil Service Pension Scheme (Northern Ireland), [PCSPS(NI)], (which includes classic, classic plus, premium and nuvos) and/or the alpha pension scheme, as applicable to your membership, for the period ending 5 April 2024.

If you also contribute to the Northern Ireland Civil Service Additional Voluntary Contributions Scheme (NICSAVCS), you should note that the value of your pension savings in respect of your AVCs has not been included in these statements and you should request a Pension Savings Statement from your AVC provider (Scottish Widows or Standard Life) if you need one.

Why is this relevant to me?
We've sent you this letter because either:

- the growth in your pension savings in the NICS pension schemes (excluding any AVCs) exceeds the Annual Allowance;
- you've requested a pension savings statement.

Please note that Civil Service Pensions (CSP) cannot provide financial advice. Tax is your individual responsibility and CSP cannot complete or assist you with any tax liability calculations.

Yours sincerely,

Civil Service Pensions

All personal information is held in accordance with the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 and the Civil Service Pensions Privacy Policy

The Annual Allowance limit for the 2023/24 tax year is £60,000.

From the 2016/17 Pension Input Period onwards, High-Income individuals may be subject to a tapered Annual Allowance.

It is your responsibility to calculate if you have been subject to tapered Annual Allowance in any of the relevant Pension Input Periods.

Further information and guidance on how to calculate tapered Annual Allowance can be found on the HMRC website:

www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

For Defined Benefit pension schemes (Classic, Classic Plus, Premium, Nuvos and alpha) the calculation is not related to the pension contributions you make. To see how we calculate your pension input amount, please see pages 8 & 9.

Your Personal Details

1 Your personal details

This section provides a summary of your personal details. These details have been provided to us by your employer.

If this information is incorrect, please inform your Employer/HR Connect so they can update your pension record.

We are unable to update your personal details unless your employer tells us to.

2 Your scheme membership

Scheme membership

This section shows you which scheme or schemes you have benefits in, and the dates you joined those schemes.

If you moved into alpha from the Principal Civil Service Pension Scheme (Northern Ireland), [PCSPS(NI)] {Classic, Classic Plus Premium and Nuvos} on or after 1 April 2015, you will have dual membership in the Northern Ireland Civil Service (NICS) pension schemes.

If you have dual membership, you will receive two Pension Savings Statements; one for the benefits you hold in the PCSPS(NI) and one for the benefits you hold in alpha.

On the date you moved into alpha, the service you built up in the PCSPS(NI) before the date you moved was banked. This means that your previous service is held on your record and used to work out that part of your pension when you claim it. You will not build up any more service in Classic, Classic Plus, or Premium after you have moved into alpha.

Any final salary benefits you built up in PCSPS(NI) will remain a final salary link.

CARE benefits in Nuvos and any added pension you have bought are adjusted each year in line with prices.

Your Personal Details and Scheme Membership

Your Pension Savings Statement

Your personal details

1

| | |
|----------------------------|--|
| Name: | Mrs A Other |
| Date of birth: | 31/03/1972 |
| National Insurance Number: | AA12345T |
| Address: | 1 Your Street Your Town PO57 8DE |

If you think any of these details are wrong, please inform your employer/HR Connect so they can check and if appropriate amend your record.

Your scheme membership

2

| | |
|--------|---|
| alpha: | You've been a member of alpha since 01/04/2015 |
| PCSPS: | You built up pension in PCSPS(NI) from 11/11/2002 to 31/03/2015 |

Your Pension Savings Statement

For members of the Principal Civil Service Pension Scheme PCSPS (NI)

In this section we explain what your Pension Savings Statement will show if you have benefits in the PCSPS(NI).

If you have dual membership in the Civil Service pension arrangements, you will receive two Pension Savings Statement; one for the benefits you have in the PCSPS(NI) and one for the benefits you have in alpha.

1. Your Pension Scheme Tax Reference (PSTR)

If you have calculated that you have a tax charge to pay, this is the reference number you will need to use when completing your Self Assessment tax return.

If you have dual membership, you will need to include both PSTR numbers on your tax return.

2. Your 2023/24 Pension Input Amount

This is the growth in the value of your pension benefits in the relevant Pension Input Period (PIP).

The PIP for 2023/24 was 6 April 2023 to the 5 April 2024.

3. Your Pension Input Amount for the last three years

Your Pension Savings Statement shows your Pension Input Amount for the last three years and the relevant Pension Input Period for the following years:

- 2020/21
- 2021/22
- 2022/23

If your Pension Input Amount is more than the current Annual Allowance, you can 'carry forward' any unused Annual Allowance from the last three years. This means that you may not have to pay a tax charge if you breach the Annual Allowance in the current Pension Input Period.

Your Pension Savings Statement
Principal Civil Service Pension Scheme (Northern Ireland), PCSPS(NI)
For HMRC purposes the Pension Scheme Tax Reference (PSTR) for PCSPS (NI) is 00329686RF

1

This is important information – please retain it for your tax records

2

Pension Input Amount in the period 6 April 2023 to 5 April 2024: £17000

The growth in your pension savings is called your Pension Input Amount. This is measured over a defined period of time, known as a Pension Input Period.

Pension Input Periods are normally a year, and are aligned with the tax year as of the 6th of April 2018 (as required by HMRC).

If you want to know more about Pension Input Periods and how we calculate the growth in your pension savings, please read the Important notes which are enclosed with this letter.

The Annual Allowance for all pension savings for the period 6 April 2021 to 5 April 2022 is £40,000 if your net income for the Pension Input Period is £110,000 or less. This income is also known as 'Threshold Income'.

Tapered Annual Allowance applies to members who have an 'Adjusted Income' of over £150,000. Adjusted Income is the value of any pension savings in the tax year plus all taxable income in the same year. An individual's annual allowance is reduced by £1 for every £2 of adjusted income that the individual exceeds £150,000 in a tax year up to a maximum reduction of £30,000.

You may not have to pay a tax charge if you have enough unused Annual Allowance from the previous three tax years. The Pension Input Amounts 1 to 3 are your 'Non-transferable Civil Service Additional Voluntary Contributions' (AVCs) in the past three years and should be included in the table below. Please refer to HMRC Form P115 or the relevant pension statement in order to calculate any unused Annual Allowance from the previous 3 tax years.

Please note: The Annual Allowance applies to your entire pension savings with UK registered pension schemes. So, if you have any other pension savings apart from your MCS pension, you must also take these into account to determine if you have a tax charge to pay, as they are not included in the statement. If you make contributions to the Northern Ireland Civil Service Additional Voluntary Contributions (NICS AVCs), they are not included, and you will need to contact the relevant pension provider to obtain further information.

Your PCSPS(NI) pension input amounts for the previous 3 years

3

| Tax Year | Pension Input Period | Pension Input Amount |
|----------------------|------------------------|----------------------|
| Tax Year 1 – 2020/21 | 06/04/2020- 05/04/2021 | £10,000 |
| Tax Year 2 – 2021/22 | 06/04/2021- 05/04/2022 | £7,000 |
| Tax Year 3 – 2022/23 | 06/04/2022- 05/04/2023 | £20,000 |

Your Pension Savings Statement

For members of the alpha pension scheme

In this section we explain what your Pension Savings Statement will show if you have benefits in alpha.

If you have dual membership in the Civil Service pension arrangements, you will receive two Pension Savings Statement; one for the benefits you have in the PCSPS(NI) and one for the benefits you have in alpha.

1. Your Pension Scheme Tax Reference (PSTR)

If you have calculated that you have a tax charge to pay, this is the reference number you will need to use when completing your Self Assessment tax return.

If you have dual membership, you will need to include both PSTR numbers on your tax return.

2. Your 2023/24 Pension Input Amount

This is the growth in the value of your pension benefits in the relevant Pension Input Period (PIP). The PIP for 2023/24 was 6 April 2023 to the 5 April 2024.

3. Your Pension Input Amount (PIA) for the last three years

Your PSS shows your Pension Input Amount for the last three years, and the relevant Pension Input Period for the following years:

- 2020/21
- 2021/22
- 2022/23

If your Pension Input Amount is more than the Annual Allowance, you can 'carry forward' any unused Annual Allowance from the last three years. This means that you may not have to pay a tax charge if you breach the Annual Allowance in the current Pension Input Period.

| Your Pension Savings Statement <i>alpha pension scheme</i> | | |
|--|------------------------|----------------------|
| For HMRC purposes the Pension Scheme Tax Reference (PSTR) for CSOPS (alpha) is 00818653RF | | |
| This is important information – please retain it for your tax records | | |
| Pension Input Amount in the period 6 April 2023 to 5 April 2024: | | £25,000 |
| <p>The growth in your pension savings is called your Pension Input Amount. This is measured over a defined period of time, known as a Pension Input Period.</p> <p>Pension Input Periods are normally a year, and are aligned with the tax year as of the 05th of April 2019 (as required by HMRC).</p> <p>If you want to know more about Pension Input Periods and how we calculate the growth in your pension savings, please read the important notes which are enclosed with this letter.</p> <p>The Annual Allowance for all pension savings for the period 6 April 2021 to 5 April 2022 is £40,000 if your net income for the Pension Input Period is £110,000 or less. This income is also known as Threshold Income.</p> <p>Tapered Annual Allowance applies to members who have an 'Adjusted Income' of over £150,000. Adjusted Income is the value of any pension savings in the tax year plus all taxable income of any kind. Note: an individual's normal allowance is reduced by 1% for every £2 of adjusted income that the individual earns over £150,000 in a tax year up to a maximum reduction of £30,000.</p> <p>You may not have to pay a tax charge if you have enough unused Annual Allowance from the previous three tax years. The Pension Input Amounts for your alpha pension in the past three years are shown in the table below. Please refer to HMRC website: www.hmrc.gov.uk/foia/pension-allowance in order to calculate any unused Annual Allowance from the previous 3 tax years.</p> <p>Please note: The Annual Allowance applies to your entire pension savings with UK registered pension schemes. So, if you have any other pension savings apart from your MCS pension, you must also take these into account to determine if you have a tax charge to pay, as they are not included in this statement. If you make contributions to the Northern Ireland Civil Service Additional Voluntary Contributions (NICSAVCs), they are not included, and you will need to contact the relevant pension providers to obtain further information.</p> | | |
| Your alpha pension input amounts for the previous 3 years | | |
| Note: Accrual in alpha started from 1 April 2015 | | |
| Tax Year | Pension Input Period | Pension Input Amount |
| Tax Year 1-2020/21 | 06/04/2020- 05/04/2021 | £13,000 |
| Tax Year 2-2021/22 | 06/04/2021-05/04/2022 | £14,000 |
| Tax Year 3-2022/23 | 06/04/2022-05/04/2023 | £15,000 |

Your Pension Savings Statement

How is the Pension Input Amount calculated?

The Pension Input Amount for Defined Benefit pension savings is worked out by determining the growth in the benefits from year to year. A value is then placed on this growth using a factor set by HM Revenue & Customs (HMRC). A defined benefit pension pays a guaranteed income for life.

The defined benefits within the civil service schemes are calculated in one of two ways:

1. On a final salary basis (Classic, Classic Plus and Premium) using pensionable earnings, length of reckonable service (including any transferred in service) and an accrual rate determined by which section you are a member of.
2. On a career average basis (Nuvos and alpha) where you build up benefits based on a set percentage of your pensionable earnings each year. Your accrued benefits are revalued annually.

In Defined Benefit schemes, the growth of your pension savings is not equal to the contributions that you and your employer have made.

For each Pension Input Period, we calculate the value of your pension savings separately for each of the Defined Benefit schemes you are a member of.

The combined Pension Input Amount is compared against the Annual Allowance to determine if you have breached in any given Pension Input Period.

The PIA calculation is as follows:

| | |
|---------------|--|
| Step 1 | We determine the benefits you had built up at the end of the previous Pension Input Period and multiply this by a factor defined by HMRC (currently 16). |
| Step 2 | Any automatic lump sum that you may be eligible for is added to the amount |
| Step 3 | We adjust the total amount in line with inflation. This is the value at the start of the |
| Step 4 | We determine the benefits you had built up at the end of the current Pension Input Period and multiply it by the same factor as used in Step 1. |
| Step 5 | We add any automatic lump sum that you may be eligible for to the amount calculated in Step 4. |
| Step 6 | We deduct the value in Step 3 from the value in Step 5 which gives us your Pension Input Amount. |

Here is an example:

| | |
|--------|--|
| Step 1 | Accrued benefits at 5 April 2021 £10,000 x 16 = £160,000 |
| Step 2 | Plus automatic lump sum (£30,000) = £190,000 |
| Step 3 | £190,000 x 1.017 = <u>£193,230</u> (opening amount) |
| Step 4 | Accrued benefits at 5 April 2022 £15,000 x 16 = £240,000 |
| Step 5 | Plus automatic lump sum (£45,000) = <u>£285,000</u> (closing amount) |
| Step 6 | £285,000 - £193,230 = £91,770 |

The inflation measure that is normally used to adjust the value of your pension savings is the change in the Consumer Prices Index (CPI) over the year to September before the start of the tax year.

This example is for tax year 2020/21 we therefore used the increase in the CPI from September 2018 to September 2019 (1.7%).

Your PIA is not based on the contributions either you or your employer have paid.

Any contributions you and your employer have paid into any Defined Contribution pension arrangements (for example Northern Ireland Civil Service Additional Voluntary Contribution Schemes (NICSAVCS), the partnership pension account, a stakeholder or a personal pension outside NICS pension Schemes) are not included on your Pension Savings Statement.

The calculation for Pension Input Amounts was updated for 2023/24, allowing negative amounts from PCSPS(NI) to subtract from the alpha pension input amount. However, the overall total cannot be negative. Even if the PCSPS(NI) pension input amount is negative, it is recorded as zero.

What you should do when you receive your Pension Savings Statement

After receiving your Pension Savings Statement, you will need to calculate if you have an Annual Allowance tax charge to pay or not.

Information about how to calculate, declare and pay a tax charge can be found here: www.gov.uk/tax-on-your-private-pension/annual-allowance

You will need to review your Civil Service Pension Savings Statement(s) alongside any statement(s) you may have received from any other providers that you hold pensions with.

Contributions to the Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICS AVC) and benefits in the partnership pension scheme are not included in your Pension Savings Statement. You will need to ask your chosen provider(s) for a statement of these benefits. This is so that you can take account of your Pension Input Amount within your NICSAVCs, alongside your Civil Service Defined Benefit Pension Input Amount when calculating if you have a tax charge to pay.

Tax is your individual responsibility and we cannot complete or assist you with any tax liability calculations. We recommend that you seek an independent financial adviser if you are concerned about how tax may affect your pension benefits. If you have any queries about your tax charge, please contact your tax office.

The Financial Conduct Authority (FCA) website has tips on finding a local adviser:

www.fca.org.uk/consumers/finding-adviser

Unused Annual Allowance from the previous three Pension Input Periods can be used to offset against a tax charge, if your pension savings exceed the Annual Allowance. This is called Carry Forward. Previous Pension Input Amounts for your NI Civil Service pension benefits are shown on your Pension Savings Statement.

How to pay a tax charge

If you have a tax charge, it can be paid in one of the following ways:

1. pay it directly to HM Revenue & Customs (HMRC); or
2. use Scheme Pays.

You will need to notify HMRC by 31 January 2025 if you have a tax charge to pay, regardless of how you intend to pay it. This is done via Self Assessment. If you are registering for Self Assessment for the first time, you can find further guidance and timescales here:

www.gov.uk/register-for-self-assessment/not-self-employed

What is Scheme Pays?

If you exceed the Annual Allowance and a tax charge is due, you can ask the pension scheme to pay the charge on your behalf in exchange for a reduction in your benefits.

There are two types of Scheme Pays: Mandatory and Voluntary.

Mandatory Scheme Pays can be used if **all** three of these apply to you:

- your Pension Input Amount within a single Civil Service Pension Scheme is in excess of £60,000 and
- your tax charge resulting from the excess within that scheme is over £2,000 and
- your Scheme Pays deduction is applied to the benefits within that scheme only

Members with a tapered (reduced) Annual Allowance must have a Pension Input Amount in excess of £60,000 in one particular scheme (for example alpha or classic) to use Mandatory Scheme Pays.

For members with current benefits in both PCSPS(NI) and alpha, if your Pension Input Amount in each scheme exceeds £60,000 then you may be able to use Mandatory Scheme Pays to pay the tax charge for one scheme; the remaining scheme would be paid on a voluntary basis. This facility would not be available for those with tapered Annual Allowance wishing to use Scheme Pays for their entire tax charge.

Voluntary Scheme Pays can be used if:

- you do not meet the Mandatory Scheme Pays criteria but you still wish to pay your tax charge by Scheme Pays

You can also find more information on the Pension Savings Statements webpage:

www.finance-ni.gov.uk/articles/pension-savings-statements

Applying for Scheme Pays

You will need to advise HM Revenue & Customs (HMRC) if you use Scheme Pays.

The process for Scheme Pays is shown below.

| Action | Deadline date |
|---|---------------------|
| Register for on-line self-assessment with HMRC if you have not already done so. | By 5 October 2024 |
| Members receive a Pension Savings Statement | By 6 October 2024 |
| Members request a Scheme Pays quote | By 8 November 2024 |
| We will issue a Scheme Pays quote | By 6 December 2024 |
| Members return Scheme Pays form accepting the quote | By 20 December 2024 |
| We will process Scheme Pays deductions | By 17 January 2025 |
| Members notify HMRC of a tax charge and their intention to pay it via Scheme Pays | By 31 January 2025 |
| The pension scheme pays the tax charge by Voluntary Scheme Pays | By 31 January 2025 |
| The pension scheme pays the tax charge by Mandatory Scheme Pays | By 14 February 2026 |

Once we have received your acceptance form you will not be able to withdraw your application; as at this point we will adjust your benefits accordingly and the tax charge will be paid to HMRC on your behalf.



To prevent late payment charges being imposed by HMRC, regardless of which Scheme Pays method is used to pay your tax charge, we encourage you to take note of the Scheme Pays deadlines which can be found in the table above. Applications received outside the dates above will still be processed but payment by the relevant deadline date cannot be guaranteed.

www.finance-ni.gov.uk/articles/scheme-pays

Glossary

Added Pension

Added Pension is an amount of extra annual pension that you can buy; it will be paid with your pension when you retire.

Added Years

Added Years is an amount of extra service you could buy that will be included in pension calculations. You can no longer start a contract to buy Added Years.

Additional Voluntary Contributions (AVCs)

You can make additional contributions to the Northern Ireland Civil Service Additional Voluntary Contribution Scheme (NICSAVCS) to enhance your benefits. The NICSAVC scheme is a separate scheme, provided by Scottish Widows, Standard Life, and Equitable Life (Equitable Life is now closed to new contracts).

Aggregated / linked

Joining up your current period of service with a previous period of service.

alpha

A pension scheme that was introduced on 1 April 2015 as part of the wider changes to public service pensions.

Annual adjustment

An adjustment to your benefits, based on the change in prices set by HM Treasury. If you are an active member of alpha, this can decrease as well as increase your benefits.

Annual Allowance

The annual limit on the amount of pension savings you make in any tax year before you have to pay a tax charge. The level of allowance is set by HM Revenue & Customs.

Defined Benefit

A pension offering guaranteed benefits, worked out using a formula usually related to the member's pensionable earnings and/or length of service (including transferred in service).

Defined Contribution

Defined contribution pensions build up a fund using your contributions and your employer's contributions (if applicable) plus investment returns and tax relief.

Minimum pension age

Minimum pension age is the earliest you can claim your benefits. The minimum pension age is usually age 55, or age 50 in some cases.

Normal Pension Age (NPA)

The earliest age that you can take your pension benefits without them being reduced for early payment.

Partnership

A defined contribution (money purchase) stakeholder pension that was introduced on 1 October 2002.

PCSPS(NI)

The Principal Civil Service Pension Scheme (NI). This is the collective name for Classic, Classic Plus, Premium and Nuvos.

Pension Input Period (PIP)

The 'PIP' is the period that the growth in your pension savings is measured. In the Civil Service Defined Benefit pension arrangements this was previously 1 January to 31 December, but has been brought into line with the tax year.

Pension Input Amount (PIA)

The 'PIA' is the growth in value of pension benefits in the relevant Pension Input Period.

Pensionable earnings

All the earnings (your pay) that could count towards your pension which you receive during the scheme year.

Prices

Also known as the Consumer Price Index (CPI), this is the rate at which pensions are increased when in payment.

Scheme Pays

If you are subject to an Annual Allowance tax charge, you can request that the pension scheme pays the charge on your behalf, subject to a permanent reduction in your pension benefits.

Stakeholder pension

A form of personal pension.

Tax Charge

An amount payable to HM Revenue & Customs.

Transfer in

The value of your pension benefits, from another pension arrangement that you moved into the Civil Service Pension arrangements.

This booklet is published by Civil Service Pensions.

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www.finance-ni.gov.uk/civilservicepensions-ni