

# A guide to your **Pension Savings Statement** 2021

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# About this guide

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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 PCSPS(NI) only (classic, classic plus, nuvos or premium), please refer to page 6
- 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](http://www.finance-ni.gov.uk/articles/pensions-and-tax)
- [www.gov.uk/tax-on-your-private-pension/overview](http://www.gov.uk/tax-on-your-private-pension/overview)
- [www.gov.uk/government/organisations/hm-revenue-customs](http://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 2020/21.

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.



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Department of  
**Finance**  
An Roinn  
**Airgeadais**  
[www.finance-ni.gov.uk](http://www.finance-ni.gov.uk)

PERSONAL

Mrs A Other  
1 Your Street  
Your Town  
PO57 8DE

From:

Waterside House  
75 Duke Street  
Londonderry  
BT47 6FP

Telephone: 028 7131 9000  
Fax: 028 7131 9234  
E.Mail: [cs pensions@finance-ni.gov.uk](mailto:cs pensions@finance-ni.gov.uk)  
Web address: [www.finance-ni.gov.uk/civilservicepensions-ni](http://www.finance-ni.gov.uk/civilservicepensions-ni)

Our Ref: 123456  
Date: September 2021

### 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 2021.

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.

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

Page 1

The Annual Allowance limit for the 2020/21 tax year is £40,000.

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](http://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 and pay

### 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.

If the benefits you built up were in classic, classic plus, or premium they will retain a final salary link. If the benefits you built up were in nuvos, your benefits are adjusted each year in line with prices. We take into account the growth in both your alpha and linked PCSPS(NI) pension savings when calculating your Pension Input Amount(s) each year.

**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

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

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# 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 2020/21 Pension Input Amount

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

The PIP for 2020/21 was 6 April 2020 to the 5 April 2021.

### 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:

- 2017/18
- 2018/19
- 2019/20

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

Pension Input Amount in the period 6 April 2020 to 5 April 2021: £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 6<sup>th</sup> of April 2016 (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 2020 to 5 April 2021 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 saving 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 earns over £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 for your Northern Ireland Civil Service Pension Scheme pension in the past three years are shown in the table below. Please refer to HMRC website: [www.hmrc.gov.uk/tools/pension-allowance/](http://www.hmrc.gov.uk/tools/pension-allowance/) 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 NICS pension, you must also take those 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 provider(s) to obtain further information.

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

Tax Year	Pension Input Period	Pension Input Amount
Tax Year 1 – 2017/18	06/04/2017- 05/04/2018	£10,000
Tax Year 2 – 2018/19	06/04/2018- 05/04/2019	£7,000
Tax Year 3 – 2019/20	06/04/2019- 05/04/2020	£20,000

2

3

# 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 PCS (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 2020/21 Pension Input Amount

This is the growth in the value of your pension benefits in the relevant Pension Input Period (PIP). The PIP for 2020/21 was 6 April 2020 to the 5 April 2021.

### 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:

- 2017/18
- 2018/19
- 2019/20

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  
alpha pension scheme

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 2020 to 5 April 2021:	£25,000
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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 6<sup>th</sup> of April 2016 (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 2020 to 5 April 2021 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 saving 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 earns over £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 for your alpha pension in the past three years are shown in the table below. Please refer to HMRC website: [www.hmrc.gov.uk/tools/pension-allowance/](http://www.hmrc.gov.uk/tools/pension-allowance/) 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 NICS pension, you must also take those 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 provider(s) to obtain further information.

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 1-2017/18	06/04/2017-05/04/2018	£13,000
Tax Year 2-2018/19	06/04/2018-05/04/2019	£14,000
Tax Year 3-2019/20	06/04/2019-05/04/2020	£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:

<b>Step 1</b>	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).
<b>Step 2</b>	Any automatic lump sum that you may be eligible for is added to the amount calculated in Step 1.
<b>Step 3</b>	We adjust the total amount in line with inflation, this is 1.7% for 2020/21. This is the value at the start of the Pension Input Period.
<b>Step 4</b>	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.
<b>Step 5</b>	We add any automatic lump sum that you may be eligible for to the amount calculated in Step 4.
<b>Step 6</b>	We deduct the value in Step 3 from the value in Step 5 which gives us your Pension Input Amount.

## ***Here is an example:***

<b>Step 1</b>	Accrued benefits at 5 April 2020 £10,000 x 16 = £160,000
<b>Step 2</b>	Plus automatic lump sum (£30,000) = £190,000
<b>Step 3</b>	£190,000 x 1.017 = <u>£193,230</u> (opening amount)
<b>Step 4</b>	Accrued benefits at 5 April 2021 £15,000 x 16 = £240,000
<b>Step 5</b>	Plus automatic lump sum (£45,000) = <u>£285,000</u> (closing amount)
<b>Step 6</b>	£285,000 - £193,230 = £91,770

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.

# What you should do when you receive your Pension Savings Statement

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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](https://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](https://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

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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 2022 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](https://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 £40,000 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 £40,000 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 £40,000 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](https://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 5th October 2021
Members receive a Pension Savings Statement	By 6th October 2021
Members request a Scheme Pays quote	By 5th November 2021
We will issue a Scheme Pays quote	By 30th November 2021
Members return Scheme Pays form accepting the quote	By 10th December 2021
We will process Scheme Pays deductions	By 14th January 2022
Members notify HMRC of a tax charge and their intention to pay it via Scheme Pays	By 31st January 2022
The pension scheme pays the tax charge by Voluntary Scheme Pays	By 31st January 2022
The pension scheme pays the tax charge by Mandatory Scheme Pays	By 11th February 2023

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.

# Glossary

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## **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.

September 2021

[www.finance-ni.gov.uk/civilservicepensions-ni](http://www.finance-ni.gov.uk/civilservicepensions-ni)