**Annual Allowance Notice 2021 - 2022**

**Introduction**

1. Pensions is a topic that many find very confusing, and we know that from our direct engagement with some of you particularly over the last year, so combine pensions with tax, which is exactly what Annual Allowance is about - and we do realise that this takes the sense of confusion to a whole different level.
2. The purpose of this notice is to provide you with information and clarity to dispel the confusion. **So please read on and do not panic….**

**What is “Annual Allowance”?**

1. The Annual Allowance, which is set by HM Revenue and Customs is the maximum amount of pension savings you can make in any one tax year that benefits from tax relief. Annual Allowance is very much a tax matter and therefore outside the control of HSC Pension Service. However, we do have a key role to play in identifying and notifying those of you likely to “breach” the Annual Allowance and provide you with information on what options you have to address any breach. The onus is on you to seek independent financial advice as necessary, to decide on which course of action you wish to take**.**

**Will this affect me?**

1. The good news is that, based on past experience of the numbers affected, we know that only a small percentage of members will be impacted by this issue. If you are one of those impacted then we will email and let you know by 6th October this year.
2. 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 is over the allowance. The Annual Allowance is currently £40,000 and is calculated as 16 times the increase in the value of your pension during the year, plus the increase in value of any automatic lump sum (1995 Scheme only) and calculated as 16 times the increase in the value of your pension during the year (2008 and 2015 CARE Scheme only.
3. You will need to know which pension scheme or pension arrangement you are in and you can find this information on your last Annual Benefit Statement to help you see if you are likely to breach your Annual Allowance.
4. Factors which may impact you include:
   * a significant increase in pensionable pay (for example, promotion or temporary promotion. **However, it is important to note that an increase in pensionable pay will also provide increased pension benefits**.);
   * buying a lot of Added Pension;
   * combined (aggregated) separate periods of membership in the HSC pension schemes e.g. 1995 Scheme plus 2015 Scheme membership;
   * if you retire on tier 2 ill health grounds;
5. It is really important that you realise that if you have any other pension savings outside of the HSC Pension schemes these also contribute to using up your Annual Allowance. HSC Pension Service will not be aware of this when we issue you with information.

**Where can I find out more?**

1. HSC Pension Service has a dedicated Annual Allowance Team to deal with your queries and can be contacted on [AAQueries@hscni.net](mailto:AAQueries@hscni.net) .
2. You are also encouraged to check the Pensions and Tax section on the HSC Pension Service websitewhich includes detailed information on Annual Allowance and is updated regularly.

[Tax Information – HSC Pension Service (hscni.net)](https://hscpensions.hscni.net/quick-links/tax-information/)

1. We will be providing regular updates throughout the year to support those of you who we identify as having breached the Annual Allowance in the **2021/22 tax year**. The list below lets you know what you can expect from us.
   * HMRC deadlines you must adhere to.
   * Annual Allowance information is available by 6 October 2022 on the Member Self-service (MSS) for all members**.** If you have not registered for this service you can do so at <https://mypension.hscni.net/>
   * Group Information Sessions may be offered to those of you who are directly affected by Annual Allowance.
2. Finally, if you have any questions specific to the Annual Allowance please remember to send them to our dedicated Annual Allowance Team at AAQueries@hscni.net - and remember – do not panic!