

# A guide to your **Pension Savings Statement** **2017**



# Contents



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About this guide	3
What is your Pension Savings Statement?	4
Your personal details	5
Your PSS - for members of the Principal Civil Service Pension Scheme (PCSPS)	6
Your PSS – for members of the Civil Servants and Others Pension Scheme (CSOPS)	7
How we calculate your Pension Input Amount	8
What you should do when you receive your PSS	10
How to pay a tax charge	11
Quick Reference Glossary	13

# 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 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 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.civilservicepensionscheme.org.uk/members/pensions-and-tax/](http://www.civilservicepensionscheme.org.uk/members/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)

Pension tax awareness sessions are also available to eligible members. For more information about the sessions, see page 10 of this guide.

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 [scu@mycsp.co.uk](mailto:scu@mycsp.co.uk) before declaring any tax charge to HM Revenue & Customs (HMRC).

# What is your Pension Savings Statement?



Your Pensions Savings Statement provides important information about the growth of the defined benefit part of your 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 meet one or more of the following criteria:

- you have breached your Annual Allowance in 2016/17;
- you earn over £100,000;
- you have requested a Pension Savings Statement.

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 Civil Service Additional Voluntary Contributions (CSAVCs), they are not included in this statement and you will need to contact the relevant pension provider(s) to obtain further information.

The thumbnail shows a letter from Civil Service Pensions. At the top left is the Civil Service Pensions logo. Below it, the word 'PERSONAL' is printed. To the right, the 'From:' address is listed as Civil Service Pensions, PO Box 2017, L69 2BU, UK. Below that, 'Civil Service Pensions' is printed again. The 'Date:' is August 2017 and the 'Member no:' is 123456. The main title of the letter is 'Your Pension Savings Statement(s) for your personal Tax Assessment'. The letter is addressed to 'Dear Mrs Other,'. The body of the letter contains information about tax and the Annual Allowance, stating that the maximum amount of pension savings that can benefit from tax relief is called the Annual Allowance. It mentions a change in the 2016/17 tax year to reduce the Annual Allowance of higher earners from the standard amount of £40,000 to a tapered Annual Allowance. It also notes that the change affects those with taxable incomes above £110,000 and can reduce an individual's Annual Allowance to £10,000 for the highest earners. A link is provided for more information: <http://www.civilservicepensionscheme.org.uk/members/pensions-and-tax/helpful-guides/>. A note states that tapered Annual Allowance will not apply to all members. The letter is enclosed with an Annual Allowance Pension Savings Statement for each of the Civil Service Pension Schemes you are a member of. It also mentions that if you also make Civil Service Additional Voluntary Contributions (AVCs), 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. Contact details can be found at: <http://www.civilservicepensionscheme.org.uk/about-us/other-responsible-parties/#faq3333>. At the bottom of the letter, there is a row of seven colored circles (orange, purple, cyan, lime green, red, teal, yellow) and the text 'Page 1' and 'ANNUALAAA'.

The Annual Allowance limit for the 2016/17 tax year is £40,000.



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's Human Resources department or Shared Services Centre 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 (classic, classic plus, premium and nuvos) on or after 1 April 2015, you will have dual membership in the Civil Service pension arrangements.



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

On the date you moved into alpha, the service you built up in the PCSPS 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 pension savings when calculating your Pension Input Amount(s) each year.

### Your pay

This section also includes details of your annual rate of basic salary at 31 March. It does not include details of the annual rate of any allowances at 31 March nor any bonuses paid within the scheme year.

**Civil Service Pensions**

### Your Personal Details and Scheme Membership

#### Your personal details

**1**

Name:	Anne N Other
Date of birth:	31 March 1972
National Insurance number:	AB123456C
Address:	1 Your Street Your Town PO57 8DE

**(i)** If you think any of these details are wrong, please tell your HR department or Shared Service Centre, so they can check and if appropriate, amend your HR record and your pension record.

#### Your scheme membership and pay

**2**

Current Scheme membership:	You've been an alpha member since 1 April 2015
Previous Scheme Membership:	You had previously been a member in the PCSPS scheme from 6 January 1992 and you were a member in premium immediately before joining alpha.
Your basic salary as at 5 April 2017:	£56,370.00 pa

Basic salary does not include any allowances or bonuses. The figures detailed on your statements have been calculated using your Pensionable Earnings not your basic salary.

Page 4 123456

# Your Pension Savings Statement



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

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

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 and one for the benefits you have in alpha.

### 1. Your Pension Scheme Tax Reference (PSTR)

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 2016/17 Pension Input Amount

This is the growth in the value of your pension benefits in the relevant Pension Input Period. The PIP for 2016/17 was 6 April 2016 to the 5 April 2017.

### 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:

- 2013/14
- 2014/15
- 2015/16 (which is split into two periods on your statement)

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, PCSPS**  
For HMRC purposes the Pension Scheme Tax Reference (PSTR) for PCSPS is 00329087RB

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

Pension Input Amount in the period 6 April 2016 to 5 April 2017: £23,774.56

The value of 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.

The Annual Allowance for all pension savings in the 2016/17 Pension Input Period is £40,000.

You may not have to pay a tax charge if you have enough unused Annual Allowance from the previous three tax years. This is called your **Carry Forward** allowance. The Pension Input Amounts for your Principal Civil Service Pension Scheme pension in the past three years are shown in the table below.

**3** Your PCSPS pension input amounts for the previous 3 years

Tax year	Pension Input Period	Pension Input Amount
Tax year 1 - 2013/14 <b>Annual Allowance limit - £50,000</b>	01/01/2013 – 31/12/2013	£12,746.45
Tax Year 2 - 2014/15 <b>Annual Allowance limit - £40,000</b>	01/01/2014 – 31/12/2014	£13,105.05
Tax Year 3 - 2015/16 <b>Annual Allowance limit - £40,000</b> (please refer to the note below*)	01/01/2015 – 08/07/2015 09/07/2015 – 05/04/2016	£2,589.42 £3,658.08

In order to align Pension Input Periods with the tax year (as required by HMRC), for 2015/16 the periods were split into two covering:

- 1 January 2015 to 8 July 2015, and
- 9 July 2015 to 5 April 2016.

\*The Annual Allowance limit for all pension savings in the first period (1 January 2015 to 8 July 2015) was £80,000. The limit for the second period (9 July 2015 to 5 April 2016) was the lower of:

- £40,000, or £80,000 less your Pension Input Amount in the first period (1 January 2015 to 8 July 2015)

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.

**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 Civil Service 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 Civil Service Additional Voluntary Contributions (OSAVCs), they are not included, and you will need to contact the relevant pension provider(s) to obtain further information.

Page 5 123456

# Your Pension Savings Statement



## For members of the Civil Servants and Others Pension Scheme (CSOPS), also known as alpha

In this section we explain what your Pension Savings Statement will show if you have benefits in the Civil Servants and Others Pension Scheme (CSOPS).

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 and one for the benefits you have in alpha.

### 1. Your Pension Scheme Tax Reference (PSTR)

This is the reference number you 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 2016/17 Pension Input Amount

This is the growth in the value of your pension benefits in the relevant Pension Input Period (PIP). The PIP for 2016/17 was 6 April 2016 to the 5 April 2017.

### 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:

- 2013/14
- 2014/15
- 2015/16 (which was split into two periods)

As alpha was not introduced until 2015, the 2013/14 and 2014/15 Pension Input Period amount will appear as N/A.

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.

**Civil Service Pensions**

**Your Pension Savings Statement**  
**Civil Servants and Others Pension Scheme, CSOPS (alpha)**  
For HMRC purposes the Pension Scheme Tax Reference (PSTR) for CSOPS (alpha) is 00818653RF

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

Pension Input Amount in the period 6 April 2016 to 5 April 2017: £22,483.04

The value of 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.

The Annual Allowance for all pension savings in the 2016/17 Pension Input Period is £40,000.

You may not have to pay a tax charge if you have enough unused Annual Allowance from the previous three tax years. This is called your Carry Forward allowance. The Pension Input Amounts for your Principal Civil Service Pension Scheme pension in the past three years are shown in the table below.

**2** Your CSOPS (alpha) pension input amounts for the previous 3 years

(i) Note that Pension Input Amounts in CSOPS (alpha) will be zero as accrual in the scheme only started from 1 April 2015.

Tax year	Pension Input Period	Pension Input Amount
Tax year 1 – 2013/14 Annual Allowance limit - £50,000	01/01/2013 – 31/12/2013	N/A
Tax Year 2 – 2014/15 Annual Allowance limit - £40,000	01/01/2014 – 31/12/2014	N/A
Tax Year 3 – 2015/16 Annual Allowance limit - £40,000 (please refer to the note below)*	01/04/2015 – 08/07/2015 09/07/2015 – 05/04/2016	£5,271.86 £14,218.06

In order to align Pension Input Periods with the tax year (as required by HMRC), for 2015/16 the periods were split into two covering:

- 1 April 2015 to 8 July 2015, and
- 9 July 2015 to 5 April 2016.

\*The Annual Allowance limit for all pension savings in the first period (1 April 2015 to 8 July 2015) was £80,000. The limit for the second period (9 July 2015 to 5 April 2016) was the lower of:

- £40,000, or £80,000 less your Pension Input Amount in the first period (1 April 2015 to 8 July 2015)

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.

**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 Civil Service 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 Civil Service Additional Voluntary Contributions (CSAVCs), they are not included, and you will need to contact the relevant pension provider(s) to obtain further information.

Page 6 123456

# 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 growth 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 calculated in Step 1.
Step 3	We adjust the total amount in line with inflation, this is 0.0% for 2016 / 17. This is the value at the start of the Pension Input Period.
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 6 April 2016 $\text{£}10,000 \times 16 = \text{£}160,000$
Step 2	Plus automatic lump sum ( $\text{£}30,000$ ) = $\text{£}190,000$
Step 3	$\text{£}190,000 \times 1.000 = \underline{\text{£}190,000}$ (opening amount)
Step 4	Accrued benefits at 5 April 2017 $\text{£}15,000 \times 16 = \text{£}240,000$
Step 5	Plus automatic lump sum ( $\text{£}45,000$ ) = <u><math>\text{£}285,000</math></u> (closing amount)
Step 6	$\text{£}285,000 - \text{£}190,000 = \text{£}95,000$

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

# 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.hmrc.gov.uk/pensionschemes/calc-aa.htm](http://www.hmrc.gov.uk/pensionschemes/calc-aa.htm)

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 Civil Service Additional Voluntary Contribution Scheme (CSAVC), 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 CSAVCs, 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.

## **Pension Tax Awareness Sessions**

Pension tax awareness sessions are available to members who receive a Pension Savings Statement. You should contact your employer directly if you would like to attend a session. These sessions are designed to help you improve your understanding of pension tax legislation.

You are eligible to attend a pension tax awareness session if:

- you have received a Pension Savings Statement;
- you have calculated that you have an annual allowance tax charge to pay.

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

[www.the-fca.org.uk/consumers/finding-adviser](http://www.the-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. Previous Pension Input Amounts for your Civil Service pension benefits are shown on your PSS.

# 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 2018 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](http://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:

- your tax charge is over £2,000; and
- your tax charge has resulted from an increase in benefits from a single Civil Service Pension Scheme; and
- your Scheme Pays deduction is applied to the benefits within that Scheme.

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.

## 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
Members receive a Pension Savings Statement	By 6 October 2017
Members request a Scheme Pays quote	By 10 November 2017
We will issue a Scheme Pays quote	By 30 November 2017
Members return Scheme Pays form accepting the quote	By 15 December 2017
We will process Scheme Pays deductions	By 29 December 2017
Members notify HMRC of a tax charge and their intention to pay it via Scheme Pays	By 31 January 2018
The pension scheme pays the tax charge by Voluntary Scheme Pays	By 31 January 2018
The pension scheme pays the tax charge by Mandatory Scheme Pays	By 14 February 2019

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.

# Quick Reference

# 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 CSAVC scheme to enhance your benefits. The CSAVC 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 Government's wider changes to public service pensions, also known as Civil Servants and Others Pension Scheme (CSOPS).

## **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.

## **CSOPS**

Civil Servants and Others Pension Scheme, also known as alpha.

## **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

The Principal Civil Service Pension Scheme. 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.

