

Chamberlain's Department

Dr Peter Kane MA, MSc, CPFA
Chamberlain (Finance Director)

Private and Confidential

c/o City of London Police

Telephone 020 7332 1132

Fax 020 7710 8539

Email graham.newman
@cityoflondon.gov.uk

Our ref PG/PEN/GN/Pol

Case Officer

Graham Newman

Date

Dear

Police Pension Scheme – Annual Allowance 2016 / 17

I am writing to you with regards to your Annual Allowance, this is the limit set by HMRC by which the value of your pension benefits may increase in any one year. You are assessed on pension benefits in all tax-registered pension arrangements that you (or an employer) have paid in to in a tax year.

The Annual Allowance is measured over the fund's Pension Input Period (PIP) of 6 April to 5 April. The Annual Allowance for the tax year 2016 / 17 is £40,000.00

You would only be subject to an annual allowance tax charge if the value of your pension savings for a tax year increases by more than £40,000. However, a three year carry forward rule allows you to carry forward unused annual allowance from the last three tax years. This means that even if the value of your pension savings increase by more than £40,000 in a year you may not be liable to the annual allowance tax charge. To carry forward unused annual allowance from an earlier year you must have been a member of a tax registered pension scheme in that year.

This letter is to clarify your Annual Allowance used in the Police Pension Scheme (PPS), the figures below do not include benefits you may have accrued in other pension arrangements you may have elsewhere.

The 2016 / 17 pension savings year for the PPS ran from 6 April 2016 to 5 April 2017 and I have calculated your position as follows:

Tax Year	Annual Allowance	Annual Allowance Used
2016 / 17	£ 40,000.00	
2015 / 16 PIP 2	£ 00,000.00	
2015 / 16 PIP 1	£ 80,000.00	
2014 / 15	£ 40,000.00	
2013 / 14	£ 50,000.00	
2012 / 13	£ 50,000.00	

The total growth of your pension benefits in the Police Pension Scheme for 2016 / 17 has exceeded the annual allowance figure by £00,000.00 and you have no remaining unused allowance from the 3 preceding tax years to offset this excess.

Your un-used carry forward to 2017 / 18 is £ 0.00.

Please note, if you have pension benefits in a separate scheme in which you are/were an active member in the last three years you will need to add the annual allowance used under those arrangements to determine the full potential taxable excess.

If, after taking account of any unused annual allowance carried forward from the last three tax years, your pension growth for the year exceeds the annual allowance you are responsible for reporting this to HMRC on your self-assessment tax return. Your return should be submitted by 31 January of the year following that in which the tax year ended at the latest i.e. 31 January 2018.

If your charge liability exceeds £2000 for a particular tax year then you can request the City of London pays the charge to HMRC on your behalf in return for a reduction to your pension benefits. Your request for this option must be received by the scheme by 31 July following the tax year to which the charge relates. For example, if the charge is accrued in 2016 / 17 then your notification must be received by 31 July 2018. Application forms for this option are available from the Pensions Office.

If you have any queries in relation to this matter please contact Graham Newman.

Yours sincerely

Charlie Partridge
Pensions Manager