

# Judicial Pension Scheme

## Judicial Pension Scheme 2015 (“JPS2015”) Annual Allowance and Scheme Pays Guidance Note

### Key Points

- The Judicial Pension Scheme 2015 is a tax registered scheme.
- The 1993 Judicial Pension Scheme and the Fee-Paid Judicial Pension Scheme are **not** registered for tax, therefore any benefits accrued in those schemes are not tested against the Annual Allowance.
- All Judicial Additional Voluntary Contribution (AVC) schemes are registered for tax.
- The Annual Allowance restricts the amount of tax relief available for pension savings. The standard Annual Allowance is currently £40,000.
- From the 2016/17 tax year onwards people with earnings and other income of more than £150,000 will have a reduced Annual Allowance. Your reduced annual allowance is called the Tapered Annual Allowance (TAA).
- The TAA is the standard annual allowance reduced in line with your total overall income down to a minimum of £10,000 for those with total earnings above £210,000.
- There is an exemption for those whose earnings and other income is less than £110,000.
- Generally unused allowance from three previous tax years can be carried forward. (This only applies if a member of a registered scheme for those years.)
- The option to have any tax charge paid from a pension scheme benefits is available (Scheme Pays)

### Introduction

Although there is no limit on the pension savings that may be made in a tax registered pension scheme, the Annual Allowance (AA) effectively limits the amount of tax relief available on contributions to defined contribution (DC) schemes and pension accrual in defined benefit (DB) schemes. If the pension accrued in any tax year in the Judicial Pension Scheme 2015 (“JPS2015”) is above the limit, the excess amount is subject to an AA Charge.

Pension tax relief for high earners and other high-income individuals was further restricted with effect for all tax years from 6 April 2016, and for individuals with an income of more than £150,000 the standard AA will reduce (taper) down to a minimum allowance of £10,000 for those with income and earnings above £210,000.

### Pension Input Periods (PIPs)

The Pension Input Period (PIP) is the period over which pension savings are measured. From July 2015, all PIPs were aligned with the tax year and now end on 5 April.

There were transitional arrangements for the 2015/16 tax year, which in the JPS2015 involved a pre-alignment PIP from 1 April to 8 July 2015 and a post-alignment PIP from 9 July to 5 April 2016. Members had an AA of £80,000 in the pre-alignment PIP, plus any available ‘Carry Forward’ (see below) from the previous three tax years. For the post-alignment PIP the AA was £nil, however up to £40,000 could be carried forward from the pre-alignment PIP (plus any unused allowance from the previous three tax years).

### Pension Input Amounts (PIAs)

To determine if the AA was exceeded for a particular tax year, you need to establish your total Pension Input Amount (PIA). In a DB arrangement such as the JPS2015, the PIA is calculated as the difference between the accrued pension at the end of the PIP and the accrued pension at the end of the previous PIP. The previous figure is adjusted for inflation and the difference multiplied by a factor specified by HMRC which is currently 16.

In DC arrangements such as the Judicial AVC Scheme and the Partnership Pension Account, the PIA is the member and employer contributions paid.

### Tapered Annual Allowance (TAA)

For high earners and other high-income individuals, standard AA (currently £40,000) is reduced by £1 for every £2 of ‘Adjusted Income’ for earnings over £150,000, to a minimum AA of £10,000. The definition of Adjusted Income for the TAA is not the same as taxable income. It includes all taxable income together with the pension accrual in the tax year.

Therefore, members with an Adjusted Income of between £150,000 and £210,000 are affected by the taper from the 2016/17 tax year. Those with an Adjusted Income of over £210,000 will have an AA of £10,000.

The TAA reduction will be subject to a ‘Threshold Income’ floor of £110,000. The following examples give details of how the Threshold Income is calculated. Further guidance regarding the calculation of both Adjusted and Threshold Income can be found by visiting the following website: <https://www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance>.

## Carry Forward

Members may carry forward unused AA from up to three previous tax years. However, it is necessary to have been a member of any HM Revenue & Customs (HMRC) registered pension scheme at some point in the tax year from which unused allowance is to be brought forward. The table below details the tax registration status of the judicial schemes:

Judicial Pension Scheme 1993	Non-registered
Fee-Paid Judicial Pension Scheme	Non-registered
Judicial Pension Scheme 2015	Registered
Judicial Additional Voluntary Contribution Schemes	Registered
Judicial Added Years Scheme	Registered
Partnership Pension Account	Registered

Before AA is carried forward from a previous tax year, the current year's allowance must first be exhausted. Any unused AA must be carried forward from earlier tax years before later years.

## Options to Elect for 'Scheme Pays'

A member has a statutory right to ask the JPS2015 to pay the AA Charge from their accrued pension benefits under the JPS2015 if their PIA in JPS2015 exceeds the standard AA (£40,000) for the tax year in question; and if their AA Charge (across all registered pension schemes) exceeds £2,000. This is known as 'mandatory Scheme Pays'.

The JPS2015 also offers a Scheme Pays facility to members where the conditions are not met for mandatory Scheme Pays; this is known as 'voluntary Scheme Pays'.

If JPS2015 does pay the tax in any year that it is due, a pension deduction is calculated. This is revalued each year and applied to your pension at retirement. (See the attached examples).

## Reporting the AA Charge to HMRC

If your pension savings exceed the AA in any relevant tax year and you do not have any unused AA to carry forward from your previous three tax years, you will have an AA Charge to report and pay to HMRC.

You will need to tell HMRC in your Self-Assessment Tax Return about your pension savings and liability to pay the AA Charge as part of this return. The tax return will require you to complete the Additional Information pages detailing the growth in your pension and the amount that it exceeds the AA.

The Annual Benefit Statement issued to you each year by Punter Southall Administration Limited (PSAL) will include details of your accrued pension and AA used in the JPS2015.

If you use the Scheme Pays facility, you will need to enter the amount of your AA Charge for 2016/17 that has or will be paid by the JPS2015 in the appropriate section of your tax return. You will also need to enter the Pension Scheme Tax Reference (PSTR) number for the JPS2015, which is 00820836RY.

The timeline for submitting your tax return for 2016/17 is detailed below:

Event	Deadline
Register for Self-Assessment.	5 October 2017
If eligible, provide PSAL with written confirmation of your interest in voluntary Scheme Pays, and relevant financial information.	13 October 2017
Paper tax returns.	Midnight 31 October 2017
Online tax returns. (Security arrangements with HMRC allow senior judges who are unable to file online until 31 January to file the paper return.)	Midnight 31 January 2018
Pay the tax you owe or elect for mandatory Scheme Pays.	Midnight 31 January 2018
For voluntary Scheme Pays, PSAL will provide a 'quote' for the reduction in your JPS2015 benefits.	3 November 2017
Confirm your acceptance of the voluntary Scheme Pays 'quote'.	10 November 2017
For voluntary Scheme Pays, JPS2015 will notify HMRC that it will pay your JPS2015 AA Charge.	14 November 2017
Provide PSAL with written confirmation of your interest in mandatory Scheme Pays. (A form is enclosed.)	3 July 2018

Event	Deadline
PSAL will provide a 'quote' for the reduction in your JPS2015 benefits under mandatory Scheme Pays.	24 July 2018
Confirm your acceptance of the mandatory Scheme Pays 'quote' (this is a statutory deadline).	31 July 2018
JPS2015 will notify HMRC that it will pay your JPS2015 AA Charge.	14 February 2019

The timeline detailed above is applicable for future tax years, unless HMRC advises of different deadlines for submitting tax returns.

HMRC has published a help sheet 'HS345 Pension savings - tax charges' on their website at: <https://www.gov.uk/government/publications/pensions-tax-charges-on-any-excess-over-the-lifetime-allowance-annual-allowance-special-annual-allowance-and-on-unauthorised-payments-hs345-self>

The JPS2015 will only pay the AA Charge if we receive a voluntary Scheme Pays election notice by 10 November 2017 or a mandatory Scheme Pays election notice by 31 July 2018 (for the 2016/17 tax year).

### Important Notes

Under current legislation if the AA is exceeded JPS2015 is obliged to provide information about the AA and the PIA by the 6 October following the end of the tax year that gave rise to the charge. The member then has an obligation to include the AA information on their annual Self Assessment Tax Return.

The information in this note is based on our current understanding of the tax and legal position. This document is for reference purposes only and does not constitute financial advice. If you think that you might be affected by the AA, we recommend that you take independent financial advice from a registered individual, who can assess and quantify the extent of any tax liability that is due. You can find a list of independent financial advisers at [www.unbiased.co.uk](http://www.unbiased.co.uk)

If you have any questions on the information contained in this note, please contact us by e-mail at [judicialpensions@justice.gsi.gov.uk](mailto:judicialpensions@justice.gsi.gov.uk)

## Annual Allowance and Scheme Pays Examples

You need to complete steps 1 to 5 in these examples (you may want to discuss with your financial or tax advisor). Then in step 6 you make JPS2015 aware of whether you want to use one of the scheme pays options.

### Example 1

The following example illustrates the AA calculation for a High Court Judge with an annual salary of £179,768 who is a member of JPS2015.

#### Step 1 – Checking Threshold Income

To check if the AA will be tapered the taxable earnings (Threshold Income) are compared against a £110,000 limit:

Pensionable pay		£179,768
Non-pensionable pay	+	£nil
Other taxable income	+	£nil
Pension contributions <sup>1</sup>	-	£14,471
Other tax deductible reliefs	-	£nil
<u>Threshold Income</u>		<u>£165,297</u>

As the Threshold Income is above £110,000, the AA might be tapered.

#### Step 2 – Checking Adjusted Income

The next step is to check, when the taxable earnings and the increase in the value of the pension over the year (PIA) are added together, if the sum is greater than the £150,000 limit. The increase in the value of pension for 2016/17 was £68,057<sup>2</sup>:

Threshold income		£165,297
Increase in value of pension	+	£68,057
<u>Adjusted Income</u>		<u>£233,354</u>

As the Adjusted Income is over the £150,000 threshold, the AA will be tapered.

#### Step 3 – Tapering the AA

The standard AA in 2016/17 is £40,000. This is tapered by £1 for every £2 that the Adjusted Income exceeds £150,000. As the Adjusted Income is £83,354 over the limit (more than £60,000 which is 2 x £30,000), the Annual Allowance is tapered to the minimum, £10,000 (£40,000 – £30,000).

#### Step 4 – Comparing accrued pension against the AA (including any Carry Forward)

The pension has increased in value by £68,057 during 2016/17. Compared to the TAA of £10,000, this leaves £58,057 after the AA has been taken into account. This amount is potentially subject to an AA Charge.

#### Step 5 – Calculating any AA Charge

The difference of £58,057 will be subject to the AA Charge at the individual's marginal tax rate (£26,126 for those whose marginal rate of tax is 45%).

#### Step 6 - The member decides how they want to pay the tax charge and tells the scheme of any 'Scheme Pays' amount

The member may choose to pay the tax due themselves or alternatively JPS2015 can pay the tax due with a reduction to the member's pension at retirement ('Scheme Pays'). The member needs to provide the scheme with details of the tax charge they want the scheme to pay, splitting this between the amount to paid via Mandatory scheme pays and how much is Voluntary scheme pays if applicable.

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<sup>1</sup> Contributions are salary received multiplied by the contribution rate, £179,768 x 8.05%

<sup>2</sup> The increase in the value of the pension is calculated by multiplying the increase in pension benefits over the period, by the HMRC factor of 16. The increase in benefits is the value of benefits as at 5-Apr-17 (defined as the salary, multiplied by the CARE accrual rate of 2.32%, plus the CARE revaluation at 1-Apr-17), minus the value of benefits as at 5-Apr-16 (the CARE accrued pension at that date) adjusted for inflation.

## **Member options:**

### **Option 1: Pay the JPS2015 AA Charge to HMRC**

If the member chooses to do so or if no Scheme Pays option is arranged, the member must report and pay the £26,126 tax to HMRC by 31 January 2018 (for the 16/17 tax year).

### **Option 2: Scheme Pays – voluntary and mandatory option**

Mandatory Scheme Pays is available only on the tax charge relating to the portion of the PIA which is in excess of the standard AA of £40,000: in this example £68,057 - £40,000 = £28,057. The tax on this element, at a marginal rate of tax of 45%, is £12,626. The remaining £13,500 of the tax charge can be settled in JPS2015 through voluntary Scheme Pays.

Alternatively, JPS2015 can settle both charges together according to the voluntary Scheme Pays timetable: the member must request a quote from PSAL by 13 October 2017 and provide acceptance of that quote by 10 November 2017.

#### *Calculating the pension offset to apply*

The pension offset to be applied for JPS2015 paying the tax charge is determined by factors provided to the Scheme Manager by the Government Actuary's Department, which are consistent with normal actuarial practice. Assuming full amount is paid using VSP;

#### *Member information for this example*

Date of birth	25/07/1968
Tax year AA Charge is incurred	16/17
Relevant date	5-Apr-17
Member's age (last birthday)	48
Gender	Female
Normal pension age	67

The annual amount of pension offset is calculated as the tax charge, divided by the product of the relevant 'Scheme Pays factor' from Table A1, and 'Pension Revaluation factor' from Table B1, both in Appendix A:

Tax charge	£26,126
Scheme pays factor	7.007
Pension Revaluation factor	1.46

$$\text{Pension deduction } \underline{\underline{\pounds 26,126 \div (7.007 \times 1.46) = \pounds 2,554 \text{ per annum}}}}$$

The offset will increase in line with the Pension (Increase) Acts and will be deducted from the pension on retirement. If the member retires before or after normal pension age an adjustment will be applied to the pension offset.

### **Option 3: Mandatory Scheme Pays where allowed, the remainder settled by payment to HMRC**

The member can choose to use mandatory Scheme Pays for that element of the tax for which it is allowed (the £12,626 noted in option 2 above), and settle the remaining amount directly with HMRC. In this option, the member would pay £13,500 to HMRC by 31 January 2018; and request JPS2015 to settle the £12,626 according to the mandatory Scheme Pays timetable: the member must request a quote from PSAL by 3 July 2018 and provide acceptance of that quote by 31 July 2018.

In this situation, the factors remain the same, and the tax calculation for the mandatory Scheme Pays element is

$$\text{Pension deduction } \underline{\underline{\pounds 12,626 \div (7.007 \times 1.46) = \pounds 1,234 \text{ per annum}}}}$$

## **Notes**

The example above is for illustration purposes only and does not take into account the personal financial position of members of JPS2015.

The Scheme Pays factors are subject to change from time to time to take account of normal actuarial practice.

The State Pension Age is currently subject to review and may change in the future.

## Example 2

The following example illustrates the AA calculation for a Circuit Judge with an annual salary of £133,506 who is a member of JPS2015. The member has unused AA of £4,063 carried forward from JPS2015 from the 15/16 tax year.

### Step 1 – Checking Threshold Income

To check if the AA will be tapered the taxable earnings (Threshold Income) are compared against a £110,000 limit:

Pensionable pay		£133,506
Non-pensionable pay	+	£nil
Other taxable income	+	£nil
Pension contributions <sup>1</sup>	-	£9,813
Other tax deductible reliefs	-	£nil
<u>Threshold Income</u>		<u>£123,693</u>

As the Threshold Income is above £110,000, the AA might be tapered.

### Step 2 – Checking Adjusted Income

The next step is to check, when the taxable earnings and the increase in the value of the pension over the year (PIA) are added together, if the sum is greater than the £150,000 limit. The increase in the value of pension for 2016/17 was £50,543<sup>2</sup>:

Threshold Income		£123,693
Increase in value of pension	+	£50,543
<u>Adjusted Income</u>		<u>£174,236</u>

As the Adjusted Income is over the £150,000 threshold, the AA will be tapered.

### Step 3 – Tapering the AA

The standard AA in 2016/17 is £40,000. This is tapered by £1 for every £2 that the Adjusted Income exceeds £150,000. As the Adjusted Income is £24,236 over the limit, the Annual Allowance is tapered to £27,882 (£40,000 – £12,118).

### Step 4 – Comparing accrued pension against the AA (including any Carry Forward)

The pension has increased in value by £50,543 during 2016/17. Compared to the tapered AA of £27,882, this leaves £22,661 after the AA has been taken into account. As there is unused Annual Allowance of £4,063 carried forward, after this has been deducted the £18,599 remaining is the amount which is potentially subject to an AA Charge.

### Step 5 – Calculating any AA Charge

The difference of £18,599 will be subject to the AA Charge at the individual's marginal tax rate (£7,440 for those whose marginal rate of tax is 40%).

The member may choose to pay the tax due themselves or alternatively JPS2015 can pay the tax due with a reduction to the member's pension at retirement ('Scheme Pays').

Step 6 - The member decides how they want to pay the tax charge and tells the scheme of any 'Scheme Pays' amount

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<sup>1</sup> Contributions are salary received multiplied by the contribution rate, £133,506 x 7.35%

<sup>2</sup> The increase in the value of the pension is calculated by multiplying the increase in pension benefits over the period, by the HMRC factor of 16. The increase in benefits is the value of benefits as at 5-Apr-17 (defined as the salary, multiplied by the CARE accrual rate of 2.32%, plus the CARE revaluation at 1-Apr-17), minus the value of benefits as at 5-Apr-16 (the CARE accrued pension at that date) adjusted for inflation.

## **Member options:**

### **Option 1: Pay the JPS2015 AA Charge to HMRC**

If the member chooses to do so or if no Scheme Pays option is arranged, the member must report and pay the £7,440 tax to HMRC by 31 January 2018 (for the 16/17 tax year).

### **Option 2: Scheme Pays – voluntary and mandatory option**

Mandatory Scheme Pays is available only on the tax charge relating to the portion of the PIA which is in excess of the standard AA of £40,000: in this example £50,543 - £40,000 = £10,543. The tax on this element, at a marginal rate of tax of 40%, is £4,217. The remaining £3,222 of the tax charge can be settled in JPS2015 through voluntary Scheme Pays.

Alternatively, JPS2015 can settle both charges together according to the voluntary Scheme Pays timetable: The member must request a quote from PSAL by 13 October 2017 and provide acceptance of that quote by 10 November 2017. If using a combination of both mandatory and voluntary Scheme Pays the total benefit reduction for the tax year in question may be calculated in two parts using the rates applicable at that time, for simplicity this example uses a single payment date.

#### *Calculating the pension offset to apply*

The pension offset to be applied for JPS2015 paying the AA Charge is determined by factors provided to the Scheme Manager by the Government Actuary's Department, which are consistent with normal actuarial practice.

#### *Member information for this example*

Date of birth	14/05/1960
Tax year AA Charge is incurred	16/17
Relevant date	5-Apr-17
Member's age (last birthday)	56
Gender	Male
Normal pension age	66

The annual amount of pension offset is calculated as the tax charge, divided by the product of the relevant 'Scheme Pays factor' from Table A1, and 'Pension Revaluation factor' from Table B1, both in Appendix A:

AA charge	£7,440
Scheme Pays factor	10.906
Pension Revaluation factor	1.22
<u>Pension deduction</u>	<u>£7,440 ÷ (10.906 x 1.22) =</u>
	<u>£559 per annum</u>

The offset will increase in line with the Pension (Increase) Acts and will be deducted from the pension on retirement. If the member retires before or after normal pension age an adjustment will be applied to the pension offset.

### **Option 3: Mandatory Scheme Pays where allowed, the remainder settled by payment to HMRC**

The member can choose to use mandatory Scheme Pays for that element of the tax for which it is allowed (the £4,217 noted in option 2 above), and settle the remaining amount directly with HMRC. In this option, the member would pay £3,222 to HMRC by 31 January 2018; and request JPS2015 to settle the £4,217 according to the mandatory Scheme Pays timetable: the member must request a quote from PSAL by 3 July 2018 and provide acceptance of that quote by 31 July 2018.

In this situation, the factors remain the same, and the tax calculation for the mandatory Scheme Pays element is

<u>Pension deduction</u>	<u>£4,217 ÷ (10.906 x 1.22) =</u>
	<u>£317 per annum</u>

## **Notes**

The example above is for illustration purposes only and does not take into account the personal financial position of members of JPS2015.

The Scheme Pays factors are subject to change from time to time to take account of normal actuarial practice.

The State Pension Age is currently subject to review and may change in the future.

### Example 3

The following example illustrates the AA calculation for a District Judge in London with an annual salary of £111,100 who is a member of JPS2015.

#### Step 1 – Checking Threshold Income

To check if the AA will be tapered the taxable earnings (Threshold Income) are compared against a £110,000 limit:

Pensionable pay		£111,100
Non-pensionable pay	+	£nil
Other taxable income	+	£nil
Pension contributions <sup>1</sup>	-	£8,166
Other tax deductible reliefs	-	£nil
<u>Threshold Income</u>		<u>£102,934</u>

As the Threshold Income in respect of the judicial salary is below £110,000, the AA is not tapered. However, if the member has other taxable income then the Threshold Income might be exceeded.

#### Step 2 – Checking Adjusted Income

Not applicable.

#### Step 3 – Tapering the AA

Not applicable.

#### Step 4 – Comparing accrued pension against the AA (including any carry-forward)

The pension has increased in value by £42,061<sup>2</sup> during 2016/17. Compared to the AA of £40,000, this leaves £2,061 after the AA has been taken into account.

#### Step 5 – Calculating any AA Charge

If the member has no carry forward they have incurred a tax charge and could choose either, mandatory Scheme Pays or voluntary Scheme Pays for the charge.

Alternatively, if the member has unused AA of £10,083 carried forward from JPS2015 from the 15/16 tax year, then this is less than the carried forward unused AA of £10,083 and no charge payable.

#### Step 6 - The member decides how they want to pay the tax charge (if applicable) and tells the scheme of any 'Scheme Pays' amount

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<sup>1</sup> Contributions are salary received multiplied by the contribution rate, £133,506 x 7.35%

<sup>2</sup> The increase in the value of the pension is calculated by multiplying the increase in pension benefits over the period, by the HMRC factor of 16. The increase in benefits is the value of benefits as at 5-Apr-17 (defined as the salary, multiplied by the CARE accrual rate of 2.32%, plus the CARE revaluation at 1-Apr-17), minus the value of benefits as at 5-Apr-16 (the CARE accrued pension at that date) adjusted for inflation.



## Example 4

The following example illustrates the AA calculation for a District Judge with an annual salary of £107,100 who is a member of JPS2015.

### Step 1 – Checking Threshold Income

To check if the AA will be tapered the taxable earnings (Threshold Income) are compared against a £110,000 limit:

Pensionable pay		£107,100
Non-pensionable pay	+	£nil
Other taxable income	+	£nil
Pension contributions <sup>1</sup>	-	£7,872
Other tax deductible reliefs	-	£nil
<u>Threshold Income</u>		<u>£99,228</u>

As the Threshold Income in respect of the judicial salary is below £110,000, the AA is not tapered. However, if the member has other taxable income then the Threshold Income might be exceeded.

### Step 2 – Checking Adjusted Income

Not applicable.

### Step 3 – Tapering the AA

Not applicable.

### Step 4 – Comparing accrued pension against the AA (including any Carry Forward)

The pension has increased in value by £40,546<sup>2</sup> during 2016/17. Compared to the AA of £40,000, this leaves £546 after the AA has been taken into account. This is less than the carried forward unused AA of £11,170.

### Step 5 – Calculating any AA Charge

#### If the member has no unused AA, then the member can choose voluntary scheme pays

However, if the member has unused AA of £11,170 carried forward from JPS2015 from the 15/16 tax year and no charge is payable.

### Step 6 - The member decides how they want to pay the tax charge (if applicable) and tells the scheme of any 'Scheme Pays' amount

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<sup>1</sup> Contributions are salary received multiplied by the contribution rate, £107,100 x 7.35%

<sup>2</sup> The increase in the value of the pension is calculated by multiplying the increase in pension benefits over the period, by the HMRC factor of 16. The increase in benefits is the value of benefits as at 5-Apr-17 (defined as the salary, multiplied by the CARE accrual rate of 2.32%, plus the CARE revaluation at 1-Apr-17), minus the value of benefits as at 5-Apr-16 (the CARE accrued pension at that date) adjusted for inflation.

Appendix A, Table A1: Government Actuary's Department Scheme pays factors for JPS2015



Government  
Actuary's  
Department

Judicial Pension Scheme – 2015 Scheme

Annual Allowance Charges: Calculation of Scheme Pays Offset

Table A1 – Scheme pays factors based on normal pension age (NPA)

Age last birthday at relevant date	NPA 65	NPA 66	NPA 67	NPA 68
38			4.452	4.127
39			4.658	4.318
40			4.874	4.517
41			5.100	4.725
42			5.336	4.944
43			5.583	5.173
44			5.842	5.412
45			6.113	5.663
46			6.397	5.926
47			6.695	6.200
48			7.007	6.489
49			7.333	6.790
50		8.278	7.674	7.106
51		8.666	8.033	7.437
52		9.071	8.409	7.784
53		9.497	8.803	8.148
54		9.945	9.216	8.531
55		10.414	9.650	8.931
56		10.906	10.105	9.352
57		11.423	10.583	9.793
58		11.966	11.086	10.257
59		12.536	11.613	10.745
60	14.164	13.137	12.169	11.258
61	14.846	13.769	12.754	11.797
62	15.565	14.435	13.369	12.366
63	16.324	15.138	14.019	12.965
64	17.125	15.878	14.704	13.598
65	17.131	16.659	15.426	14.264
66	16.684	16.684	16.186	14.966
67	16.230	16.230	16.230	15.704
68	15.766	15.766	15.766	15.766
69	15.295	15.295	15.295	15.295
70	14.817	14.817	14.817	14.817

**Notes:**

1. The offset applies only to the member's pension. Dependants' benefits are not affected.
2. The offset is equal to the tax charge divided by the appropriate factor.
3. Interpolation should be used for non-integer normal pension ages.

**Appendix A, Table B1: Government Actuary's Department Pension Revaluation factors for JPS2015**



**Table B1 – Pension Revaluation factors**

Pension Revaluation Factors	
Number of 6 Aprils before NRA	Factor
0	1.00
1	1.02
2	1.04
3	1.06
4	1.08
5	1.10
6	1.13
7	1.15
8	1.17
9	1.20
10	1.22
11	1.24
12	1.27
13	1.29
14	1.32
15	1.35
16	1.37
17	1.40
18	1.43
19	1.46
20	1.49
21	1.52
22	1.55
23	1.58
24	1.61
25	1.64
26	1.67
27	1.71
28	1.74
29	1.78
30	1.81
31	1.85
32	1.88
33	1.92
34	1.96
35	2.00
36	2.04
37	2.08
38	2.12
39	2.16
40	2.21

## Scheme Pays Q&A

### **Q. Do the Annual Allowance (AA) and Lifetime Allowance (LTA) apply to the Judicial Pension Scheme 1993 (JUPRA) and Fee-Paid Judicial Pension Scheme (FPJPS)?**

No, as JUPRA and the FPJPS are not registered for tax purposes the AA and LTA do **not** apply.

They do however apply to the JPS2015 and the Judicial AVC arrangements, this includes AVCs paid by members of JUPRA and FPJPS.

### **Q. Why is the pension multiplied by 16 to calculate the AA value?**

This is the factor set by HMRC to determine the value of pension accrual in a DB pension scheme which is tested against the AA limit.

### **Q. What is Scheme Pays?**

Scheme Pays allows a member of a registered pension arrangement to request the pension scheme to pay the tax bill (AA Charge) if they exceed the limit. This means the scheme will pay the AA Charge directly to HMRC on behalf of the member and a reduction will then be applied to their pension to offset the tax paid.

### **Q. Is there a Scheme Pays option for the JPS2015?**

Yes.

### **Q. Can I have the AA Charge deducted from my salary?**

No, the Ministry of Justice is not able to pay the AA Charge on your behalf and recover the tax paid from your salary payments. HMRC rules only permit you or the pension scheme to pay the tax charge.

### **Q. When do I have to inform JPS2015 that I wish to elect Mandatory Scheme Pays?**

For the JPS2015 we must receive your election by the 31 July in the year following the tax year the AA Charge applies. For example, if the AA Charge is for the 2016/17 tax year the deadline for will be 31 July 2018.

### **Q. When will the Scheme Pays amount be recovered?**

The JPS2015 will recover the AA Charge by applying a permanent reduction to your pension when you retire, the reduction will reflect each Scheme Pays reduction made during your membership.

### **Q. How is the reduction to my pension calculated?**

The AA Charge paid by the scheme will be converted into an amount to be deducted from your pension using factors provided by the Government Actuary's Department (GAD). The GAD factors and guidance can be found on the following link [www.gov.uk/government/groups/judicial-pension-board](http://www.gov.uk/government/groups/judicial-pension-board)

### **Q. What if I transfer out my benefits from the JPS2015?**

If you transfer your benefits out of the JPS2015, the transfer value will reflect any AA Charges paid by the JPS2015.

### **Q. Can I make an election for Scheme Pays after I have retired?**

No, the JPS2015 must receive your request before you receive your pension.

### **Q. Will Scheme Pays affect my dependants' pension?**

No, the benefits payable to your dependants will be based on your pension before any deduction for Scheme Pays is applied.

### **Q. What happens if I exceed the AA again?**

The process is repeated for any tax year in which you request the JPS2015 to pay your AA Charge.

### **Q. Where can I find more information on the alignment of Pension Input Periods?**

HMRC published a technical note which can be found on the following link <https://www.gov.uk/government/publications/pensions-technical-note-transitional-provisions-for-aligning-pension-input-periods/pensions-technical-note-transitional-provisions-for-aligning-pension-input-periods>

### **Q. Where can I find information about the LTA?**

You can find information on the LTA in the note we published in January 2016, a copy can found on the following link [www.gov.uk/government/groups/judicial-pension-board](http://www.gov.uk/government/groups/judicial-pension-board)