



EMPLOYEE PENSION NOTICE

To: All Staff

Date: 2 October 2026

Pension Savings Statements 2025/26 - all you need to know

You must read your Pension Savings Statement if you have received one as there may be other actions you need to take – DO NOT DISREGARD OR DISMISS as the Pension Savings Statement will help you to determine whether you have a tax charge. Read further to find out more.

No one likes getting a tax bill from HMRC which is potentially what a Pension Savings Statement may mean for you but there is some good news....

Firstly - this is an exceptional year, with two pay awards within the 2025/26 tax year for many of our members, resulting in a greater than usual increase in pensionable pay. Although it remains a small percentage of our membership, this has meant that more of you than usual may receive a Pension Savings Statement this year. Just less than 800 out of a total of over 30,000 members, will have received a Pension Savings Statement for the 2025/26 tax year... but don't panic...

Secondly – for some of you, once you take time to work through your figures and the guidance provided in your Pension Savings Statement, you may have enough of what is known as an “unused Annual Allowance” based on the information from our records, not to have a tax charge to pay.

Thirdly - even if you do have a tax charge to pay, you may be able to choose to use ‘Scheme Pays’ which means you do not pay the charge right now. More information on ‘Scheme Pays’ can be found from paragraph 26.

Finally - this notice provides you with an explanation of the terms and the actions you need to take including key dates set by HMRC which you must comply with, as well as links to further sources of information.

GENERAL BACKGROUND – KEY POINTS

What is a Pension Savings Statement?

1. A Pension Savings Statement (PSS) provides important information about the growth of your pension savings in the Northern Ireland Civil Service (NICS) Pension Schemes. It will help you to decide if you have a pensions tax charge to pay. PSSs are distinct from Annual Benefit Statements which are provided to all active members of the NICS Pension Schemes every August.

What is Annual Allowance?

2. Annual Allowance is the maximum value of the growth in your pension savings each year that can benefit from tax relief – this is not your salary or what actual pension you will receive. Annual Allowance applies to your entire pension savings with UK registered pension schemes. Any contributions you and your employer have paid into any pension arrangements (for example Civil Service AVC Schemes, the partnership pension account, a stakeholder or a personal pension outside the NICS pension arrangements) are not included on your PSS. You may also need to obtain a PSS from any other pension arrangements, including from outside of the NICS Pension Schemes to determine if you have a tax charge to pay. This will be your individual responsibility.

What is Tapered Annual Allowance?

3. The good news is that this threshold was increased in the budget in March 2023 and now means that only individuals with adjusted income over **£260,000** may be subject to a tapered (reduced) Annual Allowance. It should be noted that it is not based on your salary alone, if you have other sources of income you may need to include this when calculating your adjusted income. Further information on how to calculate adjusted income and tapered Annual Allowance can be found at:

www.gov.uk/guidance/pension-schemes-work-out-your-tapered-annual-allowance

Negative Pension Input Amount

4. The government announced a change to the calculation of the pension input amount for public service pension scheme members in the Spring Budget 2023 and this was introduced in the Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order (SI 2024/357).
5. From tax year 2023/24, if your pension input amount in the PCSPPS(NI) Scheme is calculated to be a negative amount, you are allowed to offset this

against a positive pension input amount in the alpha Scheme in the same tax year.

6. Before the changes, the PCSPS(NI) Scheme pension input amount would have automatically been treated as zero, and this remains the situation for tax years before 2023/24. The change to the PCSPS(NI) Scheme could result in you having more annual allowance headroom overall and reduce the potential of an annual allowance charge.
7. The change does not affect the alpha Scheme. Therefore, a pension input amount is shown as either zero, or a positive amount in the alpha Scheme pension input amount.
8. Please refer to the [Negative PIA information leaflet](#) on the Pension Savings Statement webpage which will help you to calculate your total NICS Pension Scheme pension input amount if you have a negative pension input amount, so that you can determine whether you have an annual allowance tax charge to pay.

WHAT DOES THIS MEAN FOR ME?

Will I receive a PSS?

9. Civil Service Pensions will have sent you a PSS if your Pension Input Amount has exceeded/breached the Annual Allowance limit of £60,000¹ in 2025/26.
Receiving a PSS however does not automatically mean that you have a tax charge to pay.
10. If you have not received a PSS and think that you should have received one you should contact Civil Service Pensions. For example, you have pension savings in addition to your NICS Pension Schemes or have a Tapered Annual Allowance. Please email cspensions@finance-ni.gov.uk marking '**PSS Request**' in email subject field.
11. In your PSS envelope, you will have received:
 - A covering letter.
 - A single PSS if you have benefits in alpha only or, if you have benefits in alpha and one of the sections of the Principal Civil Service Pension Scheme (NI), two PSSs.
 - Important Notes – What you need to know about Annual Allowance – **please do take the time to read these carefully.**

¹ Please note – high-income individuals may be subject to a tapered (reduced) Annual Allowance and therefore may need to request a Pension Savings Statement as one will not automatically be issued

When will I receive it?

12. We have issued PSSs, and you should receive these by 6 October 2026, which is the legislative timeline given by HMRC.

What do I need to do if I receive a PSS?

13. You will need to determine whether you have a tax charge to pay. The first step is to check if you are able to carry over any Annual Allowance you did not use from the previous three tax years. This is known as 'unused Annual Allowance'.

Have I got unused Annual Allowance?

14. Unused Annual Allowance is the difference between the Pension Input Amount and Annual Allowance limit. You may not have to pay a tax charge if you have enough unused Annual Allowance from the previous three Pension Input Periods. An example of how unused Annual Allowance is calculated within a tax year can be found below:

2024/25 Tax Year	
Your Annual Allowance	£60,000
Your Pension Input Amount	(minus) £25,000
Your Unused Annual Allowance	= £35,000

15. Previous Pension Input Periods and Amounts for your NICS pension benefits are shown on your PSS. Your Statement will show you how much Annual Allowance was used in the previous three years in relation to your NICS Pension Schemes savings. The Annual Allowance for each of the previous three tax years are:

Tax Year	Annual Allowance available
2024/25	£60,000
2023/24	£60,000
2022/23	£40,000

16. Unused Annual Allowance from the previous three Pension Input Periods is called 'carry forward'. If you have unused Annual Allowance from more than one year, you need to use them in order of the earliest to most recent.
17. If you have sufficient carry forward from the previous three tax years, you may not need to report this to HMRC. Please refer to the HMRC website for further information and seek independent advice if you are unsure:

www.gov.uk/guidance/check-if-you-have-unused-annual-allowances-on-your-pension-savings

18. However, it is important to note that if you have pension savings in addition to those in the NICS Pension Schemes, any carry forward may not be sufficient.
19. HMRC provide a **calculator** to help you work out if you have a taxable breach. The calculator can be found at:
www.tax.service.gov.uk/pension-annual-allowance-calculator

WHAT ACTION DO I NEED TO TAKE?

What if I no longer need to complete a Self-Assessment?

20. If you only complete Self-Assessment because of your pension tax liability and have not incurred a tax charge for 2025/2026, you should inform HMRC that you no longer need to submit a Self-Assessment return **ahead of the 31 January 2027 deadline**. Information on how to do that can be found at:
www.gov.uk/self-assessment-tax-returns/no-longer-need-to-send-a-tax-return

What if I don't have sufficient unused Annual Allowance to carry forward?

21. You may have a tax charge to pay. You will need to follow the HMRC guidelines for calculating, declaring and paying any tax due. There is more information about Annual Allowance on the HMRC website at:
www.gov.uk/tax-on-your-private-pension/annual-allowance
22. You must declare to HMRC if you have a tax charge to pay by completing a self-assessment tax return. You may find the HMRC helpsheet useful. See their website at:
[Pension savings — tax charges \(Self Assessment helpsheet HS345\) - GOV.UK](https://gov.uk/pension-savings-tax-charges-self-assessment-helpsheet-hs345)
23. You will need to notify HMRC by 31 January 2027 using the online service if you have a tax charge to pay, regardless of how you intend to pay it or when it is going to be paid. This is done via Self-Assessment. If you are registering for Self-Assessment for the first time, you can find further guidance and timescales on the [Register for and file your Self-Assessment tax return page](https://gov.uk/register-for-and-file-your-self-assessment-tax-return) on the [GOV.UK website](https://gov.uk).
24. If you have a tax charge to pay for 2025/26 and have already filed a Self-Assessment tax return for that year, you must amend it. Refer to the HMRC website www.gov.uk/topic/personal-tax/self-assessment on how to do this.

The deadlines for returning a self-assessment tax return are as follows:

- **5 October 2026** (register for Self-Assessment)
- **31 October 2026** (if completed in paper format)
- **31 January 2027** (if completed online).

25. You will note that HMRC have stated that you must register for Self-Assessment on-line by deadline 5 October 2026. If you think from reading this notice that you **may** have a tax charge and you are not registered online with HMRC, it would be helpful to do that now. There is no charge for registering on-line with HMRC. This will give you more time to consider your options.

What choices do I have?

26. You do have choices about how you pay your tax charge. You can pay a tax charge either:

- directly to HMRC
- or
- using 'Scheme Pays'

27. More detail is set out in the next section, which explains what Scheme Pays is, when it can be used and how and when to apply.

WHAT IS SCHEME PAYS?

28. If you have exceeded the Annual Allowance and a tax charge is due, you can ask Civil Service Pensions to pay the charge on your behalf in exchange for a permanent reduction in your benefits. It is your responsibility to calculate whether you have a tax charge to pay and decide if you intend to pay via Scheme Pays. There are two types of Scheme Pays: **Mandatory** and **Voluntary**.

Mandatory Scheme Pays

29. Mandatory Scheme Pays can be used if all three of these apply to you:

- your pension input amount within a single NICS pension scheme is in excess of £60,000
- the tax charge resulting from the excess within that scheme is over £2,000
- your Scheme Pays deduction is applied to the benefits within that scheme only

30. Those of you with a tapered (reduced) Annual Allowance must have a Pension Input Amount in excess of £60,000 in one particular scheme (for example alpha or Classic) to use Mandatory Scheme Pays.

Voluntary Scheme Pays

31. 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 using Scheme Pays. For example, it can enable those of you with Principal Civil Service

Pension Scheme (Northern Ireland) and alpha pension scheme inputs who have not breached in either scheme individually but breached collectively to avail of Scheme Pays.

- 32.** If we pay your Annual Allowance charge on a voluntary Scheme Pays basis you remain liable for this charge, unlike mandatory Scheme Pays, we do not become jointly liable. Even though we will pay over the charge on your behalf you will remain solely liable for this charge.
- 33.** You will be responsible for any interest HMRC may charge where the Annual Allowance charge is paid after the self-assessment tax return deadline. We **will not** pay any interest charges in respect of a voluntary Scheme Pays election.
- 34.** You need to report the amount of Annual Allowance charge being paid by the PCSPS(NI) and alpha Scheme on your self-assessment tax return.
- 35.** Members should be aware that a Payment on Account may arise in the following tax year under HMRC rules, depending on their individual tax position. Members may wish to seek independent tax advice if they are unsure what this is and how this could affect them.

Mandatory or voluntary Scheme Pays?

- 36.** The value of the pension input amount in either the PCSPS(NI), the alpha Scheme or the total amount of both when added together will determine whether your Scheme Pays election is mandatory or voluntary.
- 37.** The table below confirms on what basis CSP will accept your Scheme Pays election if the conditions are met.

NICSPS	Pension Input Amount	Total Amount	Scheme Pays
PCSPS(NI)	Under Standard Annual Allowance	Under	No Scheme Pays
alpha	Under Standard Annual Allowance		No Scheme Pays
PCSPS(NI)	Under Standard Annual Allowance	Over	Voluntary
alpha	Under Standard Annual Allowance		Voluntary
PCSPS(NI)	Under Standard Annual Allowance	Over	Voluntary
alpha	Over Standard Annual Allowance		Mandatory*
PCSPS(NI)	Over Standard Annual Allowance	Over	Mandatory*
alpha	Under Standard Annual Allowance		Voluntary
PCSPS(NI)	Over Standard Annual Allowance	Over	Mandatory*
alpha	Over Standard Annual Allowance		Mandatory*

*if tax charge is over £2,000

How do I apply for Scheme Pays?

38. The 'request for Scheme Pays quote' form is available on the Civil Service Pensions (NI) website:

www.finance-ni.gov.uk/publications/northern-ireland-civil-service-nics-pension-schemes-request-scheme-pays-quote-form.

39. It is important that you appreciate the urgency and tight deadlines which apply for Scheme Pays which are set by HMRC. Failure to meet these may result in you having to pay a late payment penalty charge levied by HMRC. **This is a HMRC requirement and not a scheme decision.**

40. For both Mandatory and Voluntary Scheme Pays, HMRC should be notified of your intention to pay using Scheme Pays by **31 January 2027**.

41. Due to these tight deadlines Civil Service Pensions will accept requests for quotes and applications forms via email to cspensions@finance-ni.gov.uk. It is important that you enter **"Urgent – Scheme Pays Request"** in the email subject field. Otherwise, using the same heading, send your request to:

Aine Warnock,
Civil Service Pensions,
Orchard House,
40 Foyle Street,
Londonderry, BT48 6AT

42. If you wish to avail of Scheme Pays, either Voluntary or Mandatory, you must first submit a request for a Scheme Pays quote to Civil Service Pensions by **6 November 2026**. This will enable Civil Service Pensions to provide the quote and application form to you by **4 December 2026 at the latest**.

43. You must return the completed application form by **18 December 2026** to guarantee that the debit can be applied, and payment made to HMRC by Civil Service Pensions by **31 January 2027** if you opted for Voluntary Scheme Pays.

44. If you chose to pay your tax charge by Mandatory Scheme Pays, Civil Service Pensions will pay the tax charge by **14 February 2028**; however, you will need to declare this on your Self-Assessment tax return to HMRC by **31 January 2027** at the latest.

What are the Scheme Pays deadlines?

- 45.** To prevent late payment charges being imposed by HMRC, regardless of the Scheme Pays method used to pay your tax charge, we encourage you to take note of the deadlines shown in the table below.

Action	Deadline Date
Register for on-line self-assessment with HMRC if you have not already done so.	5 October 2026
Member receives a PSS	6 October 2026
Member requests a Scheme Pays quote	6 November 2026
CSP will issue a Scheme Pays quote	4 December 2026
Member returns Scheme Pays form accepting the quote	18 December 2026
CSP will process Scheme Pays deductions	18 January 2027
Member receives confirmation that Scheme Pays debit has been processed	31 January 2027
Member notifies HMRC of a tax charge and their intention to pay via Scheme Pays	31 January 2027
The Pension Scheme (CSP) pays the tax charge by Voluntary Scheme Pays	31 January 2027
The Pension Scheme (CSP) pays the tax charge by Mandatory Scheme Pays	14 February 2028

- 46. Please note:** Once we've 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.
- 47.** You can use Scheme Pays every year that you have a tax charge to pay if you meet the criteria. (See paragraphs 29, 30 and 31). Each time you use Scheme Pays a pension debit entry will be recorded on your pension record and Pensions Increase will be applied annually.

HELP AND INFORMATION

What if I need more information?

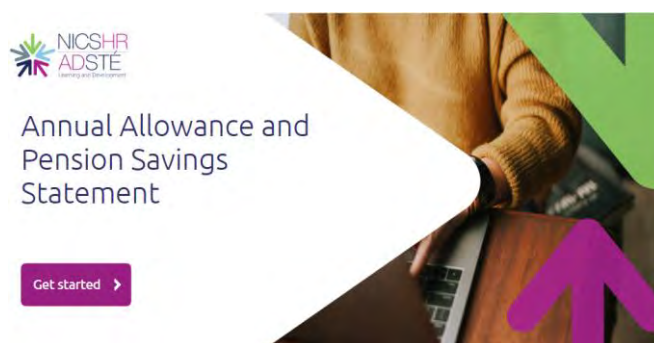
48. We realise that this can be complex for those of you who do receive a PSS, therefore, if you want more information about PSSs or have a query once you receive your statement, you can visit the dedicated pages on our scheme website:

www.finance-ni.gov.uk/articles/pension-savings-statements

You will find guidance on Pensions and Tax, Scheme Pays, Frequently Asked Questions, worked examples and more importantly a guide to your PSS.

eLearning Package

49. We are pleased to announce the imminent launch of an enhanced eLearning package to help you understand your Pension Savings Statement.

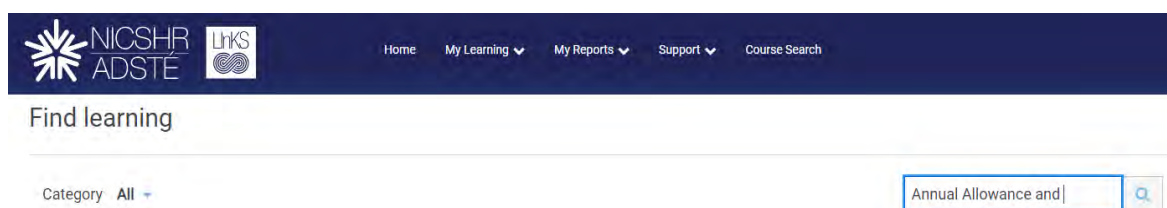


The package is available through the LInKS Portal.

50. You can access the LInKS Portal via your desktop icon or alternatively by clicking the link below where you will be required to enter your log in details.

www.nical.gov.uk

Once logged in, select 'Course Search' and enter 'Annual Allowance and Pension Savings Statement (e-learning)' in the search bar (as shown below).



If you are unsure you should speak with your employer and check if they have registered with NICSHR Learning and Development, Department of Finance.

Contacting Civil Service Pensions

51. If you receive a PSS and consider that any details on the statement are incorrect you should contact Civil Service Pensions.

- Email: cspensions@finance-ni.gov.uk
- Telephone: 0300 077 0329

High Earner Champion

52. We will continue to provide a High Earner Champion, who is a dedicated resource to deal with queries, as the feedback from our survey indicated that it was useful to have a single point of contact.

53. Contact details of the High Earner Champion for this year are provided below:

- Name: Aine Warnock
- Email: cspensions@finance-ni.gov.uk (marking FAO Aine Warnock)

Financial Advice

54. Finally, it is important to note that staff in Civil Service Pensions can only provide information and are not qualified nor authorised to provide members with what could be interpreted as financial advice.

55. Members are responsible for calculating and reporting any tax charges relating to their pension benefits. Civil Service Pensions staff cannot calculate, check or confirm individual tax liabilities and cannot provide tax advice.

56. If you require further assistance with this, we suggest you seek advice from an independent financial advisor. MoneyHelper, who are backed by government, have a useful tool for locating an FCA regulated Financial Advisor in your area. The tool is on their website under "Pensions & retirement", "Find a retirement adviser" at <https://www.moneyhelper.org.uk/en>