

To: Salaries and Wages
 Human Resources
 Pension Contacts

Circular 04/2016
 15 April 2016

At: All Employing Authorities

Dear Colleagues,

Annual Update 2016/17

This Circular has been issued to update employing authorities with information that may be needed for payroll or HR systems for the next financial year.

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1. Reminder of employee contribution rates from 1 April 2016

1.1 Circular 02/2016 advised employers that there is no change to the employee contribution rate bands for 2016/17. The employee contribution rates are shown in Table 1 overleaf.

Please ensure that these rates and ranges are used when assessing individual contribution rates on *actual* pensionable pay (and not full-time equivalent) for your employees.

More information on employee contribution rates and banding is set out in the [Employers' Guide](#) (section 2) and the [Payroll Guide](#) (section 5).

Table 1 - Employee contribution rates from 1 April 2016

Band	Pensionable pay range	Contribution rate	
		Main section	50/50 section
1	Up to £14,000	5.5%	2.75%
2	£14,001 to £21,300	5.8%	2.90%
3	£21,301 to £35,600	6.5%	3.25%
4	£35,601 to £43,000	6.8%	3.40%
5	£43,001 to £85,000	8.5%	4.25%
6	More than £85,000	10.5%	5.25%

2. Employer contribution rates from 1 April 2016

- 2.1 The Fund is valued every three years by the Fund's actuary. As part of the March 2013 valuation the actuary certified the employers' contribution rates for the following three years from 1 April 2014. The majority of employers participate in a pooled employers' contribution rate, which was set at 20% for each of the three years from 1 April 2014 to 31 March 2017. A few employers have an individually assessed contribution rate and do not pay at 20%. Those employers with individually assessed rates should refer to their Rates and Adjustments Certificate for up-to-date details of the contributions that will be due in 2016/17.

The next triennial valuation will take place as at 31 March 2016 and depending on the outcome of that valuation, revised employers' contribution rates may apply from 1 April 2017.

3. National Insurance contribution rates that apply from 6 April 2016

- 3.1 Contracting-out ceases with effect from 6 April 2016 and the contracted-out National Insurance rates cease to apply. The National Insurance limits and thresholds for 2016/17 are listed in Table 2.

Table 2 – Class 1 National Insurance Thresholds

From 6 April 2016	Lower Earnings Limit	Primary Threshold	Secondary Threshold	Upper Earnings Limit
Weekly	Below £112	£155	£156	£827
Monthly	Below £486	£672	£676	£3,583
Yearly	Below £5,824	£8,060	£8,112	£43,000

4. Earnings bands applicable for automatic enrolment from 6 April 2016

- 4.1 The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order (Northern Ireland) 2016 was made on 24 March 2016 and the earnings bands are the same as the previous year. The thresholds that will apply to employers who have already passed their staging date or whose staging date falls during 2016/17 are listed in Table 3.

Table 3 Automatic Enrolment Thresholds for 2016/17

Earnings	Age		
	16 – 21	22 - <State Pension Age	State Pension Age - <75
Under lower earnings threshold (£5,824)	Entitled worker		
Between £5,824 and £10,000	Non-eligible jobholder		
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

- 4.2 The automatic enrolment earnings triggers for pay reference periods are listed in Table 4.

Table 4 Automatic enrolment earnings triggers by pay reference period

Pay reference period	Lower earnings threshold per annum	Earnings trigger for automatic enrolment
Annual	£5,824	£10,000
6 months	£2,912	£4,998
3 months	£1,456	£2,499
1 month	£486	£833
4 weeks	£448	£768
2 weeks	£224	£384
1 week	£112	£192

5. Annual Revaluation Order for CARE pension accounts

- 5.1 At the end of each year, the Career Average Revalued Earnings (CARE) pension that has been built up in an active member's pension account gets revalued (at one second after midnight on 31 March 2016) by a revaluation adjustment based on the change in prices to the previous September. This year the revaluation adjustment is a negative figure i.e. -0.1% and it will be applied to active members' pension accounts once the annual return posting exercise is complete.

The small reduction will not show in members' pension benefit statements issued later in the year as, by law, these statements are as at 31 March 2016.

6. Annual increase to be applied to pensions from 11 April 2016

- 6.1 Employers who pay their own annual compensation benefits (relating to historical awards of compensatory added years) should note that there is no pension increase to qualifying pensions to be applied from 11 April 2016.
- 6.2 Pensions Increase rules differ from the revaluation adjustments under Section 5 and do not allow a negative increase. Hence, NILGOSC's pensioners will receive no increase to their pensions this year.

7. Reminder of annual allowance and lifetime allowance changes from 6 April 2016

- 7.1 The [Annual Allowance \(AA\)](#) and [Lifetime Allowance \(LTA\)](#) changes set out in Circular 02/2016 take effect from 6 April 2016. Factsheets describing the changes have been added to our website and are available on the links above.

8. Statutory Redundancy Payments

- 8.1 The Employment Rights (Increase of Limits) Order (Northern Ireland) 2016 came into force on 14 February 2016. It increased the maximum "week's pay" for calculating a statutory redundancy payment from £490 per week to £500 per week.

9. Annual Return submission reminder

- 9.1 Further to Circular 01/2016 please remember that you must submit your annual return by **29 April 2016**. We wish to thank those employers who have already submitted their annual returns and enabled our Annual Return Team to begin processing ahead of the end of April deadline.

If you have any questions regarding the content of this Circular, please contact either myself or any member of the Pensions Development Team.

Yours sincerely



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