

To: Salaries and Wages
 Human Resources
 Pension Contacts

Circular 04/2017
 30 March 2017

At: All Employing Authorities

Dear Colleagues,

Annual Update 2017/18

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 2017

1.1 Circular 01/2017 advised employers of the employee contribution rate bands for 2017/18. 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), though these have still to be updated with the rates for 2017/18.

Table 1 - Employee contribution rates from 1 April 2017

Band	Pensionable pay range	Contribution rate	Contribution rate
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £21,500	5.8%	2.90%
3	£21,501 to £35,900	6.5%	3.25%
4	£35,901 to £43,400	6.8%	3.40%
5	£43,401 to £85,800	8.5%	4.25%
6	More than £85,800	10.5%	5.25%

2. Employer contribution rates from 1 April 2017

- 2.1 The Fund is valued every three years by the Fund's actuary. The actuary is currently finalising the triennial valuation report and this will be issued by 31 March 2017. This report will certify the employers' contribution rates for the following three years from 1 April 2017. The majority of employers participate in a pooled employers' percentage contribution rate plus individual deficit recovery contributions. The pooled employers' percentage rates are set out in Table 2.

Table 2 - Employers' contribution rates from 1 April 2017

	2017/18	2018/19	2019/20
Future service rate	18%	19%	20%
PLUS	PLUS		
Deficit Recovery Contributions	Individual amount	Individual amount	Individual amount

- 2.2 A few employers have individually assessed contribution rates and deficit recovery contributions. Those employers with individually assessed rates should refer to their individual employer schedule for details of the contributions that will be due over the next three years.
- 2.3 We will be issuing invoices for the deficit recovery contributions in April 2017.

3. National Insurance contribution rates that apply from 6 April 2017

- 3.1 Contracting-out ceased with effect from 6 April 2016 and the contracted-out National Insurance rates ceased to apply. The National Insurance limits and thresholds for 2017/18 are listed in Table 3.

Table 3 – Class 1 National Insurance Thresholds

From 6 April 2016	Lower Earnings Limit	Primary Threshold	Secondary Threshold	Upper Earnings Limit
Weekly	Below £113	£157	£157	£866
Monthly	Below £490	£680	£680	£3,750
Yearly	Below £5,876	£8,164	£8,164	£45,000

4. Earnings bands applicable for automatic enrolment from 6 April 2017

- 4.1 The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order (Northern Ireland) 2017 was made on 15 March 2017 and comes into operation on 6 April 2017. The thresholds that will apply to employers who have already passed their staging date or whose staging date falls during 2017/18 are listed in Table 3. The earnings trigger for 2017/18 (£10,000) is the same as the earnings trigger in 2015/16 and 2016/17.

Table 4 - Automatic Enrolment Thresholds for 2017/18

Earnings	Age		
	16 – 21	22 - <State Pension Age	State Pension Age - <75
Under lower earnings threshold (£5,876)	Entitled worker		
Between £5,876 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 5.

Table 5 - Automatic enrolment earnings triggers by pay reference period

Pay reference period	Lower earnings threshold per annum	Earnings trigger for automatic enrolment
Annual	£5,876	£10,000
6 months	£2,938	£4,998
3 months	£1,469	£2,499
1 month	£490	£833
4 weeks	£452	£768
2 weeks	£226	£384
1 week	£113	£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 2017) by a revaluation adjustment based on the change in prices to the previous September. This year the revaluation adjustment is 1.0% and it will be applied to active member's pension accounts once the annual return posting exercise is complete. This is as set out in The Public Service Pensions Revaluation (Prices) Order (Northern Ireland) 2017 (SI 2017 No. 29).

6. Annual increase to be applied to pensions from 10 April 2017

- 6.1 Employers and those who pay their own annual compensation benefits (relating to historical awards of compensatory added years) should note that the increase to be applied from 10 April 2017 to qualifying pensions which began before 11 April 2016 will be 1.0%. The percentage and part year percentages are set out in the Pensions Increase (Review) Order (Northern Ireland) 2017 (SI 2017 No. 64).
- 6.2 The Government has also issued the Pensions Increase (Modification) Regulations (Northern Ireland) 2017 (SI 2017 No. 63). These regulations are needed to ensure that members will receive the full 1.0% increase where their pension began before 11 April 2016 and that only those pensions beginning on or after 11 April 2016 will get a proportionate fraction of the increase. This Statutory Instrument was necessary as no Pensions Increase (Review) Order was made in 2016.

7. Annual Allowance and Lifetime Allowance limits for 2017/18

- 7.1 The annual allowance limit for 2017/18 is unchanged and remains at £40,000. A tapered annual allowance will apply to those members with income (including pension contributions) of over £150,000.
- 7.2 The Lifetime Allowance limit for 2017/18 is also unchanged and remains at £1 million.

8. Revised limit for Additional Pension Contributions

- 8.1 The Department for Communities has confirmed that the limit for new Additional Pension Contributions for the Scheme year beginning on 1 April 2017 has increased to £6,644. This revised limit applies both to members who are paying additional pension contributions and to employer awards of additional pension.

9. Statutory Redundancy Payments

- 9.1 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 where the appropriate date fell after 6 April 2016. The 2017 Order has not yet been made due to the recent Assembly elections and subsequent political situation.

10. Annual Return submission reminder

- 10.1 Further to Circular 02/2017 please remember that you must submit your annual return by **28 April 2017**. 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. Please contact either Jacqueline Marner or Colette Smyth if you need any assistance with completion of your annual return.

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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