

To: Salaries and Wages  
 Human Resources  
 Pension Contacts

Circular 04/2018  
 5 April 2018

At: All Employing Authorities

Dear Colleagues,

**Annual Update 2018/19**

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 2018**

1.1 Circular 03/2018 advised employers of the employee contribution rate bands for 2018/19. 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 2018**

Band	Pensionable pay range	Contribution rate	Contribution rate
		Main section	50/50 section
1	Up to £14,500	5.5%	2.75%
2	£14,501 to £22,100	5.8%	2.90%
3	£22,101 to £36,900	6.5%	3.25%
4	£36,901 to £44,700	6.8%	3.40%
5	£44,701 to £88,300	8.5%	4.25%
6	More than £88,300	10.5%	5.25%

## 2. Employer contribution rates from 1 April 2018

- 2.1 The Fund is valued every three years by the Fund's actuary and the last valuation was carried out as at 31 March 2016 and set the employer rates from 1 April 2017. The majority of employers participate in a pooled employers' percentage contribution rate plus individual deficit recovery contributions. The pooled employers' rates are set out in Table 2.

**Table 2 - Employers' contribution rates from 1 April 2017**

	2017/18	2018/19	2019/20
<b>Future service rate</b>	18%	<b>19%</b>	20%
<b>PLUS</b>		<b>PLUS</b>	
<b>Deficit Recovery Contributions</b>	Individual amount	<b>Individual amount</b>	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.
- 2.3 We will be issuing invoices for the deficit recovery contributions in April 2018.

### 3. National Insurance contribution rates that apply from 6 April 2018

- 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 2018/19 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 £116	£162	£162	£892
Monthly	Below £503	£702	£702	£3,836
Yearly	Below £6,032	£8,424	£8,424	£46,350

### 4. Earnings bands applicable for automatic enrolment from 6 April 2018

- 4.1 The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order (Northern Ireland) 2018 (SRNI 2018 No. 52) was made on 14 March 2018 and comes into operation on 6 April 2018. The earnings trigger for 2018/19 (£10,000) is the same as the earnings trigger in 2015/16 and 2016/17 and 2017/18.

**Table 4 - Automatic Enrolment Thresholds for 2018/19**

Earnings	Age		
	16 – 21	22 - <State Pension Age	State Pension Age - <75
Under lower earnings threshold (£6,032)	Entitled worker		
Between £6,032 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	£6,032	£10,000
6 months	£3,016	£4,998
3 months	£1,508	£2,499
1 month	£503	£833
4 weeks	£464	£768
2 weeks	£232	£384
1 week	£116	£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 2018) by a revaluation adjustment based on the change in prices to the previous September. This year the revaluation adjustment is 3.0% 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 Order (Northern Ireland) 2018 (SRNI 2018 No. 62).

## **6. Annual increase to be applied to pensions from 9 April 2018**

- 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 9 April 2018 to qualifying pensions which began before 10 April 2017 will be 3.0%. The percentage and part year percentages are set out in the Pensions Increase (Review) Order (Northern Ireland) 2018 (SRNI 2018 No. 63).

## **7. Annual Allowance and Lifetime Allowance limits for 2018/19**

- 7.1 The annual allowance limit for 2018/19 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 Finance Act 2004 (Standard Lifetime Allowance) Regulations 2018 (SI 2018 No. 206) increases the lifetime allowance limit for 2018/19 to £1,030,000 with effect from 6 April 2018.

## **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 2018 has increased to £6,843. 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. No Orders appear to have been made in Northern Ireland since that date.

## **10. Annual Return submission reminder**

10.1 Further to Circular 02/2018 please remember that you must submit your annual return by **30 April 2018**. 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 Julian Coffey 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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