

To: Salaries and Wages
 Human Resources
 Pension Contacts

Circular 04/2014
 24 March 2014

At: All Employing Authorities

Dear Colleagues,

Annual Update

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

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1. Earnings bands applicable for automatic enrolment from 6 April 2014

- 1.1 The Automatic Enrolment (Earnings Trigger and Qualifying Earnings Band) Order (Northern Ireland) 2014 made on 14 March 2014 updates the earnings bands with effect from 6 April 2014. The new thresholds that will apply to employers who have already passed their staging date or whose staging date falls during 2014/15 are listed in Table 1.

Table 1 Automatic Enrolment Thresholds for 2014/15

Earnings	Age		
	16 – 21	22 - <State Pension Age	State Pension Age - <75*
Under lower earnings threshold (£5,772)	Entitled worker		
Between £5,772 and £10,000	Non-eligible jobholder		
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

- 1.2 The new automatic enrolment earnings triggers for pay reference periods are listed in Table 2.

Table 2 Automatic enrolment earnings trigger by pay reference period

Pay reference period	Lower earnings threshold per annum	Earnings trigger for automatic enrolment
Annual	£5,772.00	£10,000.00
6 months	£2,886.00	£4,998.00
3 months	£1,443.00	£2,499.00
1 months	£481.00	£833.00
4 weeks	£444.00	£768.00
2 weeks	£222.00	£384.00
1 week	£111.00	£192.00

2. National Insurance contribution rates that apply from 6 April 2014

- 2.1 The National Insurance limits and thresholds for 2014/15 are listed in Table 3.

Table 3 - National Insurance Thresholds

From 6 April 2014	Lower Earnings Limit	Secondary Threshold	Primary Threshold	Upper Accruals Point	Upper Earnings Limit
Weekly	Below £111	£153	£153	£770	£805
Monthly	Below £481	£663	£663	£3,337	£3,489
Yearly	Below £5,772	£7,956	£7,956	£40,040	£41,865

3. Recording Scheme contracted-out number on Real Time Information Full Payment Submissions

- 3.1 The introduction of the new single-tier state pension in April 2016 will end contracted-out rebates for both employers and employees. The Local Government Pension Scheme (Northern Ireland), LGPS (NI), is a contracted-out Scheme and members and employers currently benefit from savings in National Insurance contributions. Her Majesty's Revenue and Customs (HMRC) will need employers to provide the correct Scheme Contracted-out Number (SCON) for each employee so that HMRC can write to each employee with details of their occupational pension when contracting out ends (April 2016).
- 3.2 From 6 April 2014, employers will be legally required to show the SCON and the Employer's Contracting-out Number (ECON) on their Full Payment Submissions (FPS) when submitting contracted-out National Insurance Contributions for employees who have been in the LGPS (NI) during the tax year.
- 3.3 The ECON and SCON numbers for the LGPS (NI) are described in Table 4.

Table 4 - ECON and SCON for employees in the LGPS (NI)

Scheme Contracting-out Number (SCON)	S2734012L
Employer's Contracting-out Number (ECON)	E3900002R

4. Identifying contracted-out earnings

- 4.1 HMRC advice states that for the 2013/14 tax year 'contracted-out' earnings can be identified by looking at the total of earnings recorded in columns 1b and 1c on form P11 (Deductions Working Sheet) of form P14 (end of Year Summary). This total represents the contracted-out earnings, even though contributions are paid only on earnings in excess of the appropriate earnings threshold. Employers should contact HMRC directly if they have any questions relating to contracted-out earnings.

5. Annual increase to be applied to pensions from 7 April 2014

- 5.1 The increase that will be applied from 7 April 2014 to a qualifying pension (began before 8 April 2013) will be 2.7%. Any pensions that commenced after 8 April 2013 will receive a smaller increase.

6. Reminder of employee contributions from 1 April 2014

- 6.1 Circular 02/2014 advised employers of the new employee contribution pay ranges effective from 1 April 2014. The table is replicated below for ease of reference.

Table 5 - Employee contribution rates from 1 April 2014

Band	Whole-time equivalent pay range	Employee contribution rate
1	Up to £14,000	5.5%
2	£14,001 to £16,500	5.8%
3	£16,501 to £21,300	5.9%
4	£21,301 to £35,600	6.5%
5	£35,601 to £47,700	6.8%
6	£47,701 to £89,400	7.2%
7	More than £89,400	7.5%

Please ensure that these revised ranges are used when assessing individual contribution rates for your employees.

7. Employer contribution rates from 1 April 2014

7.1 The actuary is completing the triennial valuation report and it will be issued before 1 April 2014. This report contains a Rates and Adjustments Certificate that sets out each employer's contribution rates for the next three years. For the majority of employers the contribution rate will be 20% for each of the next three years, however, some employers have individually assessed rates. You will have been advised separately if you have an individually assessed rate.

8. Reminder of annual allowance and lifetime allowance from 6 April 2014

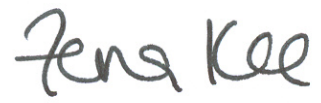
8.1 The annual allowance will reduce to £40,000 from 6 April 2014. The annual allowance is the amount of pension savings that a member can have in any one year and benefit from tax relief. If a member builds up more pension savings in a year than the annual allowance they may have to pay a tax charge.

8.2 The lifetime allowance will reduce to £1.25 million from 6 April 2014. The lifetime allowance is the maximum amount of pension savings that a member can build up over his/her lifetime that benefits from tax relief. If a member builds up pension savings worth more than the lifetime allowance they may have to pay a tax charge.

8.3 NILGOSC will write to any members who have exceeded the annual allowance by 6 October 2014.

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

A handwritten signature in black ink that reads "Zena Kee". The letters are cursive and fluid, with the first letter of each word being capitalized and larger than the others.

Zena Kee
Pensions Manager