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To: Salaries and Wages
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At: All Employing Authorities

Circular 04/2022
25 March 2022

Dear Colleagues,

Annual Update 2022/23

This Circular provides 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 2022

Circular 01/2022 advised employers of the revised employee pensionable pay ranges for contributions for 2022/23. The employee contribution rates are set out in Table 1. 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.

Table 1 - Employee contribution rates from 1 April 2022

Band	Pensionable Pay Range	Contribution Rate Main section	Contribution Rate 50/50 section
1	£0 to £15,400	5.5%	2.75%
2	£15,401 to £23,700	5.8%	2.90%
3	£23,701 to £39,500	6.5%	3.25%
4	£39,501 to £48,000	6.8%	3.40%
5	£48,001 to £95,100	8.5%	4.25%
6	More than £95,100	10.5%	5.25%

2. Employers' Contribution Rates for 2022/23

The Fund is valued every three years by the Fund's actuary. As part of the March 2019 valuation, the actuary certified the employers' contribution rates for the three years from 1 April 2020. Most employers participate in the main group with a pooled employers' contribution rate. The contribution rates for those employers in the main group for the three-year period are set out in Table 2.

Table 2 - Employers' contribution rates from 1 April 2020 to 31 March 2023

	1 April 2020 – 31 March 2021	1 April 2021 – 31 March 2022	1 April 2022 – 31 March 2023
Future service rate as a percentage of payroll	19.5%	19.5%	**19.5%**

Those employers who are outside of the main group were separately advised of their individual rates and deficit recovery contributions, if applicable. If any employer is not certain of its contribution rate, they are stated on pages 57 – 71 of the 2019 Valuation Report.

The percentage employers' contributions and employees' contributions should be deducted through staff payroll and paid over to NILGOSC each month as normal. In addition, where applicable, the deficit recovery contributions for each year will be invoiced at the beginning of each financial year and should be remitted either as a lump sum at the beginning of the year or in twelve equal monthly instalments, with payment required in full by the end of the financial year (31 March).

The next triennial valuation will take place as at 31 March 2022 and employers' contribution rates for the period from 1 April 2023 to 31 March 2026 will be set following this valuation. It is expected that indicative rates will be available by the end of 2022.

3. National Insurance contribution rates that apply from 6 April 2022

The National Insurance limits and thresholds for 2022/23 are listed in Table 3. An extra column has been inserted to reflect the Chancellor's announcement on 23 March 2022 that there would be an increase to the annual National Insurance primary threshold from July 2022.

Table 3 - Class 1 National Insurance Thresholds

From 6 April 2022	Lower Earnings Limit	Primary Threshold (6 April – 5 July)	Primary Threshold (6 July – 5 April)	Secondary Threshold	Upper Earnings Limit
Weekly	£123	£190	£242	£175	£967
Monthly	£533	£823	£1,048	£758	£4,189
Yearly	£6,396	£9,880	£12,570	£9,100	£50,270

4. Earnings band applicable for automatic enrolment from 6 April 2022

The Government has concluded that there is no change from 2021/22 to 2022/23. The earnings trigger of £10,000 remains unchanged. The automatic enrolment thresholds are set out in Table 4. Employers are reminded that the Scheme regulations take precedence and all new employees with a contract of three months or more are automatically admitted to the Scheme from the day their employment begins, irrespective of their earnings level.

Table 4 - Automatic Enrolment earnings bands for 2022/23

Earnings	Age 16 - 21	Age 22 – <State Pension Age	State Pension Age - <75
Under lower earnings threshold (£6,240)	Entitled worker	Entitled worker	Entitled worker
Between £6,240 and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

The automatic enrolment earnings triggers for pay reference periods are listed in Table 5.

Table 5 - Automatic Enrolment earnings bands per period

Pay reference period	Lower earnings threshold per annum	Earnings trigger for automatic enrolment
Annual	£6,240	£10,000
6 months	£3,120	£4,998
3 months	£1,560	£2,499
1 month	£520	£833
4 weeks	£480	£768
2 weeks	£240	£384
1 week	£120	£192

5. Annual Revaluation Order for CARE pension accounts

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 2022) by a revaluation adjustment based on the change in prices to the previous September. This year the revaluation adjustment is 3.1% and it will be applied to active members' pension accounts once the annual return posting exercise is complete. This is set out in The Public Service Pension Revaluation Order (Northern Ireland) 2022 (SRNI 2022/ 82) made on 4 March 2022 and operational from 1 April 2022.

6. Annual increase to be applied to pensions from 11 April 2022

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 11 April 2022 to qualifying pensions which began before 12 April 2021 will be 3.1%. The percentage and part year percentages will be set out in the Pensions Increase (Review) Order (Northern Ireland) 2022 in due course. In the interim, details of the Pensions Increases that will apply are available at https://www.finance-ni.gov.uk/sites/default/files/publications/dfp/EPN-06-2022-The-Pensions-Increase-Review-Order-NI-2022.pdf.

7. Annual Allowance and Lifetime Allowance limits for 2022/23

The standard annual allowance limit for 2022/23 is unchanged and remains at £40,000. There are no changes to tapered annual allowance limits, which only apply to very high earnings, and these are set out in Table 6.

In the Budget on 3 March 2021, the Chancellor announced that the lifetime allowance would be frozen at £1,073,100 until the end of the 2025/26 tax year.

Table 6 - Tapered annual allowance limits

	Definition	Limit in 2022/23
Threshold income	Taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£240,000
Minimum annual allowance	IF AA is tapered, the minimum AA that will apply.	£4,000

8. Revised limit for Additional Pension Contributions

The Department for Communities has confirmed that the limit for Additional Pension Contributions for the Scheme year beginning on 1 April 2022 has increased to £7,385. The revised limit applies to both members who are paying additional pension contributions and to employer awards of additional pension.

9. Statutory Redundancy payments

At the time of writing the 2022 Order has not yet been made in Northern Ireland. The previous Employment Rights (Increase of Limits) Order (Northern Ireland) 2021 made on 23 March 2021 came into operation on 6 April 2021. A week's pay for calculation of statutory redundancy was then capped at £566.

10. Annual Return submission reminder – DEADLINE 29 APRIL 2022

Further to Circular 02/2022 please remember that those employers who are not live on i-Connect must submit their annual returns by 29 April 2022. Please contact either Jacqueline Marner or Jenna Fisher (telephone: 0345 3197 325) if you need any assistance with completion of your annual return.

11. McCloud data template submission reminder – DEADLINE 31 MARCH 2022

Further to Circulars 12/2020 and 08/2021 NILGOSC issued templates to each employer to collect missing hours and service breaks for members within scope of the McCloud remedy. Please ensure that these are completed and returned by 31 March 2022.

Please do not hesitate to contact the Pensions Development Team or myself if you have any queries regarding this circular.

Yours sincerely

Zena Kee
Head of Pensions Policy