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To: Chief Executives  
Salaries and Wages  
Human Resources  
Pension Contacts  
At: All Employing Authorities

Circular 05/2023  
31 March 2023

Dear Colleagues,

### **Annual Update 2023/24**

This Circular provides employing authorities with information that may be needed for payroll or HR systems for the next financial year. It also advises of recent changes to taxation of pensions (see section 7) and the date of revaluation for CARE pension benefits (see section 5).

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## 1. Reminder of employee contribution rates from 1 April 2023

Circular 02/2023 advised employers of the revised employee pensionable pay ranges for contributions for 2023/24. 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 2023**

| Band | Pensionable Pay Range | Contribution Rate Main section | Contribution Rate 50/50 section |
|------|-----------------------|--------------------------------|---------------------------------|
| 1    | £0 to £16,900         | 5.5%                           | 2.75%                           |
| 2    | £16,901 to £26,000    | 5.8%                           | 2.90%                           |
| 3    | £26,001 to £43,400    | 6.5%                           | 3.25%                           |
| 4    | £43,401 to £52,800    | 6.8%                           | 3.40%                           |
| 5    | £52,801 to £104,700   | 8.5%                           | 4.25%                           |
| 6    | More than £104,700    | 10.5%                          | 5.25%                           |

## 2. Employers' Contribution Rates for 2023/24

The Fund is valued every three years by the Fund's actuary. The actuary carried out the triennial valuation as at 31 March 2022. This valuation sets the employer contribution rates for three years from 1 April 2023. Employers were advised of their expected contribution rates in November/December 2022 and those were confirmed earlier this week. 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 2023 to 31 March 2026**

|  | 1 April 2023 – 31 March 2024 | 1 April 2024 – 31 March 2025 | 1 April 2025 – 31 March 2026 |
|--|------------------------------|------------------------------|------------------------------|
| Future service rate as a percentage of payroll | 19.0%                        | 19.0%                        | 19.0%                        |

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 46 – 53 of the [2022 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).

### 3. National Insurance contribution rates that apply from 6 April 2023

The National Insurance limits and thresholds for 2023/24 are listed in Table 3. The Lower Earnings Limit is fixed at its current rate for 2023/24 and the other thresholds are fixed at their current rate until April 2028.

**Table 3 - Class 1 National Insurance Thresholds**

| From 6 April 2023 | Lower Earnings Limit | Primary Threshold | Secondary Threshold | Upper Earnings Limit |
|-------------------|----------------------|-------------------|---------------------|----------------------|
| Weekly            | £123                 | £242              | £175                | £967                 |
| Monthly           | £533                 | £1,048            | £758                | £4,189               |
| Yearly            | £6,396               | £12,570           | £9,100              | £50,270              |

### 4. Earnings band applicable for automatic enrolment from 6 April 2023

In its review of the automatic enrolment earnings trigger for 2023/24 the Government announced that 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 2023/24**

| 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 by a revaluation adjustment based on the change in prices to the previous September. This year the revaluation adjustment is 10.1%. Up until 31 March 2022 this revaluation took effect on 1 April.

The Department for Communities has recently consulted on moving the date of the annual revaluation from 1 to 6 April. The purpose of this change was to mitigate against the impact of high inflation on annual pension savings and consequent tax liabilities that would arise where members exceeded the annual allowance limit primarily because of high inflation. The main reason for this was because of an anomaly where the timing of the revaluation on 1 April was not aligned with HMRC's process for assessing pension savings for annual allowance (6 April to 5 April). The consultation closed on 24 March 2023. It is expected that an amendment to the LGPS (NI) regulations will come into force with effect from 31 March 2023.

The Public Service Pension Revaluation Order (Northern Ireland) 2023 (SRNI 2023/54) made on 30 March 2023 and operational from 1 April 2023 reflects this change for the LGPS (NI) – it states that the Order has effect for the LGPS (NI) from 6 April 2023.

## **6. Annual increase to be applied to pensions from 10 April 2023**

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 2023 to qualifying pensions which began before 11 April 2022 will be 10.1%. The percentage and part year percentages are set out in the [Pensions Increase \(Review\) Order \(Northern Ireland\) 2023](#) (SRNI 2023/58).

## **7. Annual Allowance and Lifetime Allowance limits for 2023/24**

On 15 March 2023, the Chancellor of the Exchequer announced in the 2023 Spring Budget that from 6 April 2023:

- the standard annual allowance will increase from £40,000 to £60,000
- the money purchase annual allowance will increase from £4,000 to £10,000
- the adjusted income for the tapered annual allowance will increase from £240,000 to £260,000
- the minimum tapered annual allowance will increase from £4,000 to £10,000.

In addition, the Chancellor announced that from 6 April 2023 the standard lifetime allowance will remain at £1,073,100 but no one will have a lifetime allowance tax charge from 2023/24 onwards. From 2024 the lifetime allowance will be abolished entirely. It should be noted that tax charges will still be payable on some lump sum benefits e.g. those paid over £268,275.

The tapered annual allowance limits are set out in Table 6.

**Table 6 - Tapered annual allowance limits**

|                          | Definition  | Limit in 2023/24 |
|--------------------------|---|------------------|
| Threshold income         | Taxable income                                    | £200,000         |
| Adjusted income          | Threshold income plus pension input amount        | £260,000         |
| Minimum annual allowance | IF AA is tapered, the minimum AA that will apply. | £10,000          |

## **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 2023 has increased to £8,131. The revised limit applies to both members who are paying additional pension contributions and to employer awards of additional pension.

## **9. Statutory Redundancy payments**

The Employment Rights (Increase of Limits) Order (Northern Ireland) 2023 made on 14 March 2023 comes into operation on 6 April 2023. A week's pay for calculation of statutory redundancy has been increased from £594 to £669.

## **10. Annual Return submission reminder – DEADLINE 28 APRIL 2023**

Further to Circular 03/2023 please remember that those employers who are not live on i-Connect must submit their annual returns by 29 April 2023. Please contact either Jacqueline Marner or Jenna Fisher (telephone: 0345 3197 325) if you need any assistance with completion of your annual return.

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