

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

Circular 07/2023
24 May 2023

Dear Colleagues,

The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2023

This Circular advises employers that regulations amending the revaluation date of Career Average Revalued Earnings (CARE) from 1 April to 6 April were made by the Department for Communities on 17 May 2023. These Regulations come into operation on 12 June 2023 and have retrospective effect to 1 April 2023. There is no action required by Employers.

The intention is that these Regulations have no effect on the pension benefits to which everyone is entitled. They simply push the date that the CARE revaluation adjustment is applied into the following tax year and, by doing so, remove an anomaly which was including the impact of inflation on the annual allowance calculation. This impact was negligible in periods of low inflation but that is no longer the case. By retrospectively applying this change from 1 April, it amends the outcome of the calculations for annual allowance from 2022/23 onwards.

In the tax year for 2022/23, the annual allowance calculation will not include any CARE revaluation as it is now added on 6 April rather than 1 April. The opening balance for this tax year will be revalued by 3.1% but there is no revaluation adjustment of 10.1% applied to the CARE pension on 1 April. For annual allowance pension savings purposes this will give members more headroom before breaching annual allowance limits (£40,000 for 2022/23).

In the tax year 2023/24, the opening balance will be revalued by 10.1% and the CARE revaluation adjustment figure added on 6 April will also be 10.1% of the CARE pension benefits built up to 31 March 2023. The closing value on 5 April 2024 will not have an end of Scheme year revaluation adjustment added as it applies on 6 April and will fall into the following tax year. The annual allowance limit has also increased to £60,000 for this tax year.

The Scheme year remains the same 1 April to 31 March. The revaluation adjustment that now applies on 6 April applies to the CARE balance at 31 March in the previous Scheme year.

The amending regulations also make minor changes to the wording relating to members going from active to deferred or pensioner status, survivor benefits and death grants. Again, the intention is to ensure that there is no change to the benefits payable.

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