

To: Chief Executives  
 Salaries and Wages  
 Human Resources  
 Pension Contacts

At: All Employing Authorities

Circular 07/2026  
 31 March 2026

Dear Colleagues,

**Annual Update 2026/27**

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 2026

Circular 04/2026 advised employers of the revised employee pensionable pay ranges for contributions for 2026/27. 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 2026**

Band	Pensionable Pay Range	Contribution Rate Main section	Contribution Rate 50/50 section
1	£0 to £18,900	5.5%	2.75%
2	£18,901 to £29,100	5.8%	2.90%
3	£29,101 to £48,700	6.5%	3.25%
4	£48,701 to £59,300	6.8%	3.40%
5	£59,301 to £117,800	8.5%	4.25%
6	More than £117,800	10.5%	5.25%

## 2. Employers' Contribution Rates for 2026/27

The Fund is valued every three years by the Fund's actuary. The actuary has now finalised the triennial valuation as at 31 March 2025 and has certified the employers' contribution rates for three years from 1 April 2026. Employers were advised of their expected contribution rates in November 2025 and those were confirmed in yesterday's circular. 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 2026 to 31 March 2029**

	1 April 2026 – 31 March 2027	1 April 2027 – 31 March 2028	1 April 2028 – 31 March 2029
Main employer group: Future service rate as a percentage of payroll	15.5%	15.5%	15.5%

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 53 – 61 of the [2025 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. Revised limit for Additional Pension Contributions

The Department for Communities has confirmed that the limit for additional pension for the Scheme year beginning on 1 April 2026 has increased to £9,158 additional pension per annum. The revised limit applies to both members who are paying additional pension contributions and to employer awards of additional pension.

### 4. Annual Allowance limits for 2026/27

There are no changes to the annual allowance limits for 2026/27:

- the standard annual allowance is £60,000
- the money purchase annual allowance is £10,000
- the adjusted income for the tapered annual allowance is £260,000
- the minimum tapered annual allowance is £10,000.

The tapered annual allowance limits are set out in Table 3.

**Table 3 - Tapered annual allowance limits**

	<b>Definition</b>	<b>Limit in 2026/27</b>
Threshold income	Taxable income	£200,000
Adjusted income	Threshold income plus pension input amount	£260,000
Minimum annual allowance	If annual allowance is tapered, the minimum annual allowance that will apply	£10,000

## **5. Lump sum limits from 6 April 2026**

There are no changes to the Lump Sum Allowance (LSA) and Lump Sum Death Benefits Allowance (LSDBA) in 2026/27.

### **Lump sum allowance**

As of 6 April 2026, members will have a tax-free lump sum allowance of £268,275.

This lump sum allowance is used up when a member receives their pension commencement lump sum i.e. tax-free cash from their pension. A member's lump sum allowance will be reduced if the member has taken pension lump sum before 6 April 2024. The lump sum allowance can be increased if a member has valid lifetime allowance protection. If a member takes a lump sum that exceeds their lump sum allowance, then they will have to pay tax at their marginal rate on the excess lump sum i.e. the excess lump sum is not tax-free.

### **Lump sum and death benefits allowance (LSDBA)**

The LSDBA is £1,073,100 and it is the total amount of relevant tax-free lump sums that can be paid to or in respect of a member. From 6 April 2024, a member uses up available LSDBA if they are paid any of the following lump sums:

- pension commencement lump sum
- any authorised lump sum death benefit.

The LSDBA is reduced if a member has crystallised relevant pension benefits before 6 April 2024. The LSDBA is increased if a member holds valid lifetime allowance protection.

More information on the changes is on the [‘Tax limits on your pension’](#) page on our website.

## **6. National Insurance contribution rates that apply from 6 April 2026**

The National Insurance limits and thresholds for 2026/27 are listed in Table 4 and are available at [Rates and thresholds for employers 2026 to 2027 - GOV.UK](#) . The Lower Earnings Limit has increased to £129 per week.

**Table 4 - Class 1 National Insurance Thresholds**

From 6 April 2026	Lower Earnings Limit	Primary Threshold	Secondary Threshold	Upper Earnings Limit
Weekly	£129	£242	£96	£967
Monthly	£559	£1,048	£417	£4,189
Yearly	£6,708	£12,570	£5,000	£50,270

**7. Earnings band applicable for automatic enrolment from 6 April 2026**

In its review of the automatic enrolment earnings trigger for 2026/27 the Government announced that the earnings trigger of £10,000 remains unchanged. The automatic enrolment thresholds are set out in Table 5. Employers are reminded that the Scheme regulations take precedence and all new employees with a contract of three months or more must be automatically admitted to the Scheme from the day their employment begins, irrespective of their earnings level.

**Table 5 - Automatic Enrolment earnings bands for 2026/27**

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 6**.

**Table 6 - Automatic Enrolment earnings bands per period**

<b>Pay reference period</b>	<b>Lower earnings threshold per annum</b>	<b>Earnings trigger for automatic enrolment</b>
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

## **8. 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 3.8%.

The Public Service Pension Revaluation Order (Northern Ireland) 2026 (SRNI 2026/46) was made on 10 March 2026 and has effect for the LGPS (NI) from 6 April 2026.

## **9. Annual increase to be applied to pensions from 6 April 2026**

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 6 April 2026 to qualifying pensions which began before 7 April 2025 will be 3.8%. The percentage and part year percentages will be set out in the Pensions Increase (Review) Order (Northern Ireland) 2026 (SRNI 2026/64).

## **10. Statutory Redundancy payments**

The Employment Rights (Increase of Limits) Order (Northern Ireland) 2026 (SRNI 2026/57) has been made. This Order sets out any increase in a week's pay that is used for calculation of statutory redundancy. It is confirmed as £783 from 6 April 2026.

## **11. Annual Return submission reminder – DEADLINE 30 APRIL 2026**

Further to Circular 05/2026 please remember that those employers who are not live on i-Connect must submit their annual returns by 30 April 2026. Please contact either Jacqueline Marner or Jenna Fisher (telephone: 0345 3197 325) if you need any assistance with completion of your annual return. Any actuarial fees incurred for late submissions will be recharged to the employer concerned.

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

Yours sincerely,



Sinead Heath  
Chief Pensions Officer