

Annual Allowance – Pension Input Amount



Pension Input Amount

The growth in pension savings is known as the Pension Input Amount (PIA).

Opening Balance

Total Pension value at 5 April 2020 x 16

+

Lump Sum value at 5 April 2020

x

Consumer Price Index Factor
(Inflationary increase for 2020, 1.017)

Closing Balance


Total Pension value at 5 April 2021 x 16

+

Lump Sum value at 5 April 2021

+

AVC Contributions made during
6 April 2020 - 5 April 2021



“Pension Input Period”
(PIP)

Closing Balance – Opening Balance = PIA

Example – PIA Calculation

A member of the LGPS with Essex Pension Fund has 20 years membership in respect of service prior to 01/04/2014. Their final pensionable pay for 2019/20 was £60,000 and for 2020/21 it was £66,000. Their CARE Pay for 2020/21 was also £66,000 and during the year made additional voluntary contributions (AVC's) of £3,600. CPI for 2020 was 1.7%.

OPENING BALANCE 2020/21		£	CLOSING BALANCE 2020/21		£
Pre 2008 Pension	14/80 x £60,000	10,500	Pre 2008 Pension	14/80 x £66,000	11,550
Post 2008 Pension	6/60 x £60,000	6,000	Post 2008 Pension	6/60 x £66,000	6,600
CARE Pension		7,000	CARE Pension		8,389
Total Pension		23,500	Total Pension		26,539
Multiply pension by factor of 16		376,000	Multiply pension by factor of 16		424,624
Add Lump Sum	14 x 3/80 x £60,000	31,500	Add Lump Sum	14 x 3/80 x £66,000	34,650
Sub-total		407,500	Sub-total		459,274
Increase by CPI factor of 1.017			Add AVC contributions made in the year		3,600
OPENING VALUE		414,427.50	CLOSING VALUE		462,874.00

The PIA for 2020/21 is £462,874 - £414,427.50 = £48,446.50

The member exceeds the £40,000 Annual Allowance limit for 2020/21 and will be sent a Pension Savings Statement from Essex Pension Fund.