

A guide to pension savings statements



Key takeaways:



- The information a pension savings statement contains
- What happens after the money purchase annual allowance is triggered
- What to do if a statement is not automatically issued by the scheme

Category:

Pre-retirement planning

When it comes to self-assessment, what are the issues pension scheme members need to be aware of?

Savings statements must be issued automatically by the scheme administrator if:

- ▶ The individual is an active member for all or part of the pension input period **and**
- ▶ Their pension input amounts under the scheme for the tax year are more than the annual allowance, **or**
- ▶ The scheme administrator believes the individual has flexibly accessed a money purchase arrangement and the individual's money purchase pension input amounts under the scheme for the tax year are more than £4,000.

The statement must be given to the member by 6 October following the end of the tax year.

Flexibly accessed benefits

If your client has accessed benefits flexibly and has 'triggered' the money purchase annual allowance, they should receive a flexible access statement from their scheme administrator.

Clearly, if benefits have been paid and a flexible access statement has been issued, then the scheme in question will be aware that the member is subject to the money purchase annual allowance. However, the individual may be a member of another scheme, or schemes.

Your client should notify their other schemes where they have accessed benefits flexibly and are still accruing benefits. They can do this by providing the scheme(s) with a copy of their flexible access statement.

The individual should notify their scheme administrator(s) within 91 days of:

- ▶ Receipt of their flexible access statement (if they are accruing benefits under the scheme between the date of the trigger event and the date the flexible access statement is issued)
- ▶ Becoming an accruing member of the scheme (if not accruing benefits under the scheme during the period between the trigger event and the date the flexible benefit statement was issued)

What information does the pension savings statement provide the member?



The total of the pension input amounts for the member for all their arrangements* under the scheme for the relevant tax year.



The amount of the annual allowance for the tax year concerned.



The total of the pension input amounts for the member for all their arrangements under the scheme for the previous three tax years.



The amount of the annual allowance for the previous three tax years. This is intended to assist the member in calculating any unused annual allowance that can be carried forward.

*some schemes provide one arrangement per member whereas others provide multiple arrangements

Notification to HMRC

The scheme administrator will be required to report to HMRC when a member has been given a mandatory pension savings statement:

- Where the scheme administrator has issued a standard pension savings statement
- Where the scheme administrator has issued a money purchase savings statement

The Reports to HMRC contain the following information:

- ✓ Name of member
- ✓ National Insurance number of the member
- ✓ The tax year for which the annual allowance was exceeded
- ✓ Total of the pension input amounts for the member for all their arrangements under the scheme for the relevant tax year.

Limitations of the pension savings statement

A scheme administrator is only required to issue a standard pension savings statement if contributions **into that scheme** have exceeded £40,000 in the pension input period or £4,000 **into that scheme** in respect of a money purchase pension savings statement.

It is quite possible, of course, that an individual may be a member of more than one scheme and may have combined pension input amounts above the annual allowance without breaching the £40,000/£4,000 limits in respect of any one scheme.

In such a situation where the individual may well have breached the annual allowance but will not receive a pension savings statement to prompt them to disclose this on their self-assessment return. It is essential, therefore, that pension scheme members do **not** rely on the pension savings statement to prompt them to complete the relevant section of their self-assessment return.

They can request statements from their various schemes if statements have not been issued automatically.

Member-requested pensions saving statement

An individual who does not receive an automatic pension savings statement can ask their scheme administrator to provide one. The scheme administrator must provide one if the request is submitted in writing from the member.

The member is entitled to ask for a standard pension savings statement or a money purchase pension savings statement but not both and, to be clear, the member can ask for a pension savings statement regardless of their pension input amount.

If the request is in writing the scheme administrator should provide the information no later than:

- ✓ Three months of the scheme administrator receiving the request
- ✓ 6 October following the end of the relevant tax year

Self-assessment

Individuals must declare pension inputs in excess of the annual allowance via self-assessment.

The declaration of any excess is made on the pensions savings section of the self-assessment or page Ai4 of HMRC form SA101 for paper returns.

Unable to ascertain exact pension input details by self-assessment deadline?

It may be difficult for a member to ascertain their precise pension input amounts for a relevant tax year in time to submit their self-assessment return. In that case they should enter approximate figures but use the additional information facility to explain that the numbers are approximate. Once the correct details are available an amendment to the self-assessment return can be made (refer to: PTM056200 <https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056200>)

Pension input amounts in excess of annual allowance but covered by "carry forward"?

A pension scheme member may have pension input amounts for a tax year which exceed the standard annual allowance for that tax year (£40,000 for 2019/20) but they have unused allowances that can be carried forward from the three previous years. They need only declare any excess input amount above the combined amount of annual allowance plus the carried forward allowance (refer to: HMRC Pension Schemes Newsletter 112 & HS345).

Excerpt from 2019 HS345:

Unused annual allowance carry forward

You can carry forward any annual allowance you did not use in the previous three tax years automatically.

Note, because tax year 2015 to 2016 was split into two 'mini' tax years for annual allowance purposes, the 'pre-alignment tax year' and the 'post-alignment tax year', in practice the phrase above 'in the previous three tax years', means up to three from the pre-alignment tax year, the post-alignment tax year, 2016 to 2017 and 2017 to 2018. See PTM055100.

You do not need to make any claim to HMRC to carry

forward unused annual allowance and you do not need to show this on your tax return if your unused allowance means that an annual allowance charge is not due.

You do need to have been a member of a registered pension scheme during each of the carry forward years.

There's a strict order in which you use up your annual allowance. You use the annual allowance in the current tax year first. You then use your unused annual allowance from the previous three tax years, using the earliest tax year first.

Source: HMRC Pension Schemes Newsletter 112 & HS345.

HMRC will have been notified if a mandatory pension savings statement has been issued (because the member has had a pension input amount in excess of the annual allowance). It is advisable to retain records of carry forward of unused annual allowances to explain or justify having not declared an excess.

For more information visit



HMRC Pensions Tax Manual:
<https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm167000>



HMRC Pension schemes newsletters: <https://www.gov.uk/government/collections/hm-revenue-and-customs-pension-schemes-newsletters>



HMRC annual allowance calculator:
<https://www.tax.service.gov.uk/pension-annual-allowance-calculator>

Important information

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