Roche Pension Fund

Understanding your pensions tax position

We're sending this communication to former active members of the Defined Benefit (DB) Section of the Roche Pension Fund, who are now saving into the Defined Contribution (DC) Section. We hope it will provide you with the information you need to understand your pension saving position against the Annual Allowance.

In previous years, you will have automatically received what's known as a 'pension saving statement', if the DB Section administrator believed that you had gone over the standard Annual Allowance for that tax year (as a result of the pension benefits you'd built up in the DB Section). This will have included a figure called your 'Pension Input Amount'.

Background

As you're aware, the DB Section closed to future accrual during the 2023/24 tax year. Following the closure, future benefits were subsequently built up in the DC Section of the Fund, which is administered by Fidelity. You will now need to consider the pension savings in both of these sections together (as well as any you may have made elsewhere) when checking whether you have gone over the standard Annual Allowance during the 2023/24 tax year, as you may not have received a pension saving statement (because you didn't go over the allowance in either section individually).

We've included some FAQs on the next page to help you understand the Annual Allowance and identify whether it affects you in relation to the 2023/24 tax year.

Finding your Pension Input Amounts

If you'd like to check your position with regards the Annual Allowance, you can ask the relevant pension administrator for a pension saving statement containing your Pension Input Amounts (for the 2023/24 tax year as well as the prior three years), as set out below.

To get your total Pension Input Amount (PIA), you'll need to combine your Roche PIAs with those from any other pension savings you may have made over the year.

DB Section

You may have already received a pension saving statement from WTW, the DB Section's administrator. However, if you didn't, you can ask WTW to send you one:

rochepensions@wtwco.com

01707 607 608

DC Section

You may have also received a pension saving statement from Fidelity, the company that administers the DC Section. However, if you didn't, you can easily see how much you and Roche paid into the DC Section in 2023/24 by logging in to PlanViewer, **www.planviewer.co.uk**

Alternatively, you can contact Fidelity and ask them to send you a pension saving statement:

pensions.service@fil.com

0800 3 68 68 68

If you're unsure about your pensions tax position, you should speak to a financial adviser. Further information on how you can find a financial adviser is in the FAQs.

FAQs

What is the Annual Allowance?

The Annual Allowance is a limit set by the Government as the total amount of pension savings in a tax year that an individual can make tax free into registered pension schemes.

From 6 April 2023, the standard Annual Allowance increased to £60,000 (from £40,000).

However, it may be reduced if:

- you're affected by the tapered Annual Allowance. For every £2 of additional earning over £260,000 up to £360,000, your Annual Allowance will reduce by £1 from £60,000 to a minimum of £10,000 (i.e. your Annual Allowance will be £60,000 if your 'Adjusted Income', which is broadly your total taxable earnings plus your Pension Input Amount, is less than £260,000 but will be £10,000 if you have 'Adjusted Income' over £360,000).
- you have 'flexibly accessed' (i.e. withdrawn) any money purchase funds from your pension pot. The money purchase Annual Allowance is currently £10,000.

Note: From 6 April 2020 to 5 April 2023, the standard Annual Allowance was £40,000. This reduced for an Adjusted Income of £240,000 to an Annual Allowance of £4,000 for Adjusted Incomes of £312,000 or more.

How is the Pension Input Amount worked out?

For defined benefit arrangements, like the DB Section of the Fund, the Pension Input Amount is calculated as 16 multiplied by the difference between:

- your benefits valued on your retirement or the last day of the Pension Input Period, and
- your benefits valued on the first day of the Pension Input Period, uplifted by any increase in the Consumer Prices Index (CPI) for the year ending in September before the start of the tax year.

Note: The figure calculated above can't be less than zero.

For defined contribution arrangements, like the DC Section, the Pension Input Amount is the total amount of contributions paid by the employer and the member into the arrangement over the tax year.

If you're in more than one scheme, the Pension Input Amounts for each scheme should be worked out separately and then added together.

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What happens if pension savings exceed the Annual Allowance?

You would normally have to pay tax on any excess pension input above your Annual Allowance.

However, you can 'carry forward' any unused Annual Allowance from the previous three years. You don't have to do anything to benefit from carry forward. If it's available, then it applies automatically.

If the amount of your pension savings exceeds the total of your Annual Allowance and, if applicable, the amount of unused Annual Allowance in the previous three tax years, the amount that exceeds the Annual Allowance limit is subject to an Annual Allowance Charge. The Annual Allowance Charge is currently calculated using your marginal rate of income tax.

It's your responsibility to determine whether the Annual Allowance Charge is due in any given tax year. The following website can help you to check if you have any unused Annual Allowances that can be carried forward, if you have a reduced Annual Allowance, and if you must pay tax on your pension savings:

www.gov.uk/tax-on-your-private-pension/annual-allowance

How can I get financial advice?

If you think you might be affected, we recommend you contact a regulated independent financial adviser or specialised tax adviser who will be able to provide advice based on your own circumstances. We won't be able to answer queries about your personal tax position.

As a member of the Fund, Roche currently pays for you to receive one round of financial advice from Origen Financial Services Limited (Origen) to support you with your retirement.

If you're unsure about your pensions tax position, you can speak to Origen – but think carefully about this because Roche will only pay for one round of financial advice from Origen, so you won't be able to use this service again at retirement.

RochePension@origenfs.co.uk

0800 141 3972

Alternatively, you can find your own financial adviser. The MoneyHelper website has guidance about choosing and using a financial adviser and a directory of financial advisers that specialise in advice about pensions.

www.moneyhelper.org.uk

0800 138 7777

If you don't already have a financial adviser, the Unbiased website can provide details of independent financial advisers in your area.

www.unbiased.co.uk

You can use the Financial Conduct Authority website to check that the adviser you choose is properly qualified.

www.fca.org.uk

0800 111 6768

How do I complete my tax return?

You must declare any Annual Allowance Charge to HMRC on your self-assessment tax return. Further guidance on completing this part of your self-assessment tax return has been published by HMRC at:

https://bit.ly/3z5O6zq