Pension Savings Statements – Further information

1. Annual Allowance.

The Annual Allowance limit is the amount of pension savings you can build up in any tax year before being subject to a special tax charge called the AA tax charge.

From 6 April 2020, the Annual Allowance each tax year is £40,000 for most people. But it is lower, on a "tapered" scale, for an individual in any tax year when the individual counts as having "high income". An individual has "high income" in a tax year if **both** of the following apply:

- the individual's **threshold income** for the tax year is **more than £200,000** (threshold income is, broadly, your taxable income[1] from all sources, less the gross amount of any relievable pension contributions[2] you (but not your employer) made) plus in some cases a special salary sacrifice (SMART) adjustment[3], **and**
- the individual's **adjusted income** for the same tax year is **more than £240,000** (adjusted income is, broadly, your threshold income (ignoring the special SMART adjustment if it applied) plus the value[4] of pension savings made by or for you over the tax year in all schemes).

Notes

[1] "taxable income" above refers to all income subject to income tax, so earnings, investment returns, rental income from property, pensions in payment, are just some of the income that you would need to include.

[2] "Relievable pension contributions" are those made directly from your pay to a scheme. If you use SMART salary and/or bonus sacrifice to arrange pension contributions, then your taxable income will have been reduced for those, so you do not usually have to make any further adjustment.

[3]There is a special adjustment that applies for "new" SMART. This applies to all your SMART arrangements if they started on or after 9 July 2015; OR if you started using SMART before then, it applies for the extra percentage rate you have chosen since that date. The salary given up that counts as "new" must be added back into your Threshold Income; but unwind this addition when going on to calculate Adjusted Income). The same applies to any bonus you waived for pension contribution since that date.

[4] The "value" of your pension savings for this is the same amount as is being tested against the Annual Allowance.

For every £2 that an individual's adjusted income for the tax year is over £240,000, the Annual Allowance for that tax year is reduced by £1. If your adjusted income is over £312,000, there is no further reduction and your Annual Allowance would be £4,000.

Further information on calculating your threshold and adjusted income is available at:

https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm057100.

Example 1

"Member A" has an adjusted income of £265,000 for the tax year, therefore, their available Annual Allowance for the 2022/2023 tax year is £27,500, calculated as follows:

£265,000 - £240,000 =	£25,000	Amount of adjusted income over £240,000
£25,000 / 2 =	£12,500	Taper to be applied to standard Annual Allowance
£40,000 - £12,500 =	£27,500	Personal 2022/2023 Annual Allowance

Example 2

"Member B" has an adjusted income of £325,000 for the tax year. This is above £312,000, so their personal Annual Allowance for the 2022/2023 tax year is £4,000.

2. Money Purchase Annual Allowance.

If you have 'flexibly accessed' defined contribution (DC) pension savings from any of your pension arrangements on or after 6 April 2015, you will thereafter also be subject to a lower Annual Allowance, known as the 'Money Purchase Annual Allowance' (MPAA). Broadly, if thereafter, the total DC savings made by or for you exceed the MPAA in any tax year, they will incur the AA tax charge. The main AA test will still apply to your DB pension savings (if any) but in a modified way.

This letter assumes that for the 2022/2023 tax year, the MPAA did not apply for you – or if it did, that 2022/2023 DC contributions for or by you to all arrangements totalled less than the 2022/2023 MPAA of £4,000.

If you have "flexibly accessed" DC pension savings previously in another scheme or arrangement you will have received a statement containing certain information and you must pass a copy of this statement to all pension arrangements in which DC contributions are still being paid by, or for you. If the Money Purchase Annual Allowance applies to you, please forward us a copy of the flexi-access statement, if you have not already done so.

3. "Carry forward" – unused Annual Allowance relief

The three year "carry forward" rule introduced by the Government at 6 April 2011 allows individuals to carry forward unused Annual Allowance from the last three tax years. From 6 April 2014, the standard Annual Allowance has been £40,000. Details of your pension savings in GSK arrangements for the preceding three tax years are also included on your enclosed 2022/2023 Pension Savings Statement.

4. Completing your Self-Assessment tax return and the Annual Allowance Tax Charge.

If your total pension savings for the tax year exceeds your available Annual Allowance (including any carry forward allowances), you will have incurred an AA tax charge. The charge is calculated as though your excess savings were additional income – and hence at the tax rate(s) that would apply.

You must include details of your excess 2022/2023 pension savings (i.e. your 2022/2023 pension savings over and above your available Annual Allowance including carry forward) in your Self-Assessment tax return by completing the 'Additional Information' pages SA101 of the tax return by 31 January 2024 (if you submit a paper Self-Assessment return the deadline is by 31 October 2023).

HMRC has produced guidance (HS345) on completing the Pension Savings Tax Charges section, along with a working sheet to calculate the amount of the tax charge. Both of these documents are available at:

https://www.gov.uk/government/publications/pensions-tax-charges-on-any-excess-over-the-lifetime-allowance-annual-allowance-special-annual-allowance-and-on-unauthorised-payments-hs345-self

To further assist, example calculations are provided by HMRC at the following address:

https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm056410

5. Voluntary Scheme Pays

You are personally responsible for paying any AA tax charge that is due.

The default is that you pay it yourself from your own resources, alongside your Self-Assessment tax return.

However, if your AA tax charge is **greater than £2,000**, you can request for some or all of it to be paid, on your behalf, by the Plan Trustee, in exchange for a reduction in your pension benefits under a GSK pension plan under the Voluntary Scheme Pays process. Under Voluntary Scheme Pays, the payment of any AA tax charge owing must reach HM Revenue & Customs (HMRC) **by 31 January 2024.**

If you wish to utilise the Voluntary Scheme Pays option, your completed Voluntary Scheme Pays Request Form must be received by the Plan administrator by 13 December 2023, to give the Plan time to make the payment to HMRC before the 31 January 2024 deadline.

Please note, any completed Request Forms that are received after 13 December 2023 (but before 31 March 2024), will be processed and included by the scheme on the quarterly accounting for tax (AFT) return for quarter 1 of 2024. As the quarter 1 AFT return is not due to be paid until 15 May 2024 after the HMRC deadline (31 January 2024), you may become subject to interest charges from HMRC for the late payment of your AA tax charge.

6. Mandatory Scheme Pays

If you have missed the Voluntary Scheme Pays deadline, in some circumstances, you can elect to pay your Annual Allowance tax charge via Mandatory Scheme Pays. This option is available to you if the total amount of your pension savings under the Plan is over £40,000 and the associated tax charge is greater than £2,000. You can request for some or all of it to be paid on your behalf by the Plan Trustee in exchange for a reduction in your pension benefits in the Plan. If you wish to use this facility, you must indicate your intention on your self-assessment tax return before 31st January 2024 and return the Mandatory Scheme Pays request form to the Plan administrator by 31st July 2024 or date of retirement, if earlier.

7. Independent Financial Advice.

If you are a current GSK employee, you have the opportunity to receive independent financial advice as part of your Total Reward package. For more information, go to the UK HR home page on Connect GSK and enter 'financial advice' in the search engine. GSK has selected two Independent Financial Advisers for you to choose from:

Chase de Vere

- Phone: 0345 609 2009 (Monday to Friday, 9am to 5pm - quote 'GSK')
- Email gsk@chasedevere.co.uk

Origen

- Phone: 0344 209 3925 (quote 'GSK')
- Email: corporate@origenfs.co.uk (include 'GSK' in subject field)

Alternatively, you can obtain addresses and telephone numbers of financial advisers by geographic location at www.unbiased.co.uk or by contacting the following email address: contact@unbiased.co.uk.

Neither GSK nor the Plan Trustee accept any responsibility for the advice of any financial adviser. In addition, you should ensure that you are aware of the rates that they will charge in advance of receiving any advice.