Ahead Together

Pension savings statement

A step by step guide to assist you with
your annual allowance position

Next steps

As your total pension savings for the 2022/2023 tax year in the GSK arrangements count as greater than £4,000, you will need to assess your specific Annual Allowance position and whether you are subject to an AA tax charge.

Set out below are a number of steps to assist you with your Annual Allowance 2022/2023 assessment. **Please ensure you keep this letter and a note of your calculation of your Annual Allowance for the 2022/2023 tax year, as you may need this to help you with your Annual Allowance assessment in future tax years.**

The steps assume you have no savings in schemes outside GSK arrangements that impact your Annual Allowance position. If you do have savings in other pension schemes the steps will need to be adjusted appropriately – you may need to take advice on this.

Note

Note that the figure for the **total 2022/2023 pension savings** under the GSK arrangements appears in the 2022/2023 row of your enclosed Pension Savings Statement.

Step 1

You will need to calculate whether your **threshold income** for the 2022/2023 tax year (please see section 1 of the 'Further Information' document for details on the threshold income) was below or above £200,000 and then either:

1. If your 2022/2023 threshold income is £200,000 or less, please go to Step 3.
2. If your threshold income is greater than £200,000, please go to Step 2.

Step 2

You will need to calculate your **adjusted income** for the 2022/2023 tax year (please see Section 1 of the 'Further Information' part of this document for details on the adjusted income) and then either:

1. If your 2022/2023 adjusted income is £240,000 or less, please go to Step 3.
2. If your adjusted income is greater than £240,000, please go to Step 4.

Step 3

You are not impacted by the tapered Annual Allowance, and **you have a personal 2022/2023 Annual Allowance of £40,000**.

If your total pension savings for all arrangements in the 2022/2023 tax year are:

1. Less than or equal to £40,000, you have not incurred an AA tax charge, as your personal 2022/2023 Annual Allowance is greater than your total 2022/2023 pension savings. No further action is required.
2. More than £40,000, please go to Step 5.

Step 4

As your 2022/2023 adjusted income is in excess of £240,000, you now need to calculate your personal Annual Allowance for the 2022/2023 tax year, by reducing the standard Annual Allowance of £40,000 by £1, for every £2 that your 2022/2023 adjusted income has exceeded £240,000 – but with a minimum of £4,000.

Make a note of the personal 2022/2023 Annual Allowance you have calculated, and then either:

1. If it is greater than your total pension savings for all arrangements in the 2022/2023 tax year, no further action is required.
2. If it is less than your total pension savings for all arrangements in the 2022/2023 tax year, please go to Step 5.

Please see Section 1 of 'Further Information' on page 7 for some worked examples of the tapering.

Step 5

Calculate your carry forward allowances available for the 2022/2023 assessment from the three previous tax years, ensuring that you take into account any carry forward allowances that you may have already utilised if you had exceeded the Annual Allowance in a previous tax year.

Please see Section 3 of 'Further Information' on page 9 for details on the carry forward allowances. Details of your pension savings under the GSK arrangements for the three previous tax years are detailed on your enclosed Pension Savings Statement.

Step 6

Add together your personal Annual Allowance for the 2022/2023 (either £40,000, from Step 3, or as calculated in Step 4), to your available carry forward allowances (as calculated in Step 5) to calculate your total available Annual Allowance for the tax year.

Step 7

If your total pension savings for all arrangements in the 2022/2023 tax year are:

1. Less than your available 2022/2023 Annual Allowance (including any carry forward allowances) as calculated under Step 6, you are not subject to an Annual Allowance tax charge and no further action is required.
2. More than your available 2022/2023 Annual Allowance (including any carry forward allowances) as calculated under Step 6, please go to Step 8.

Step 8

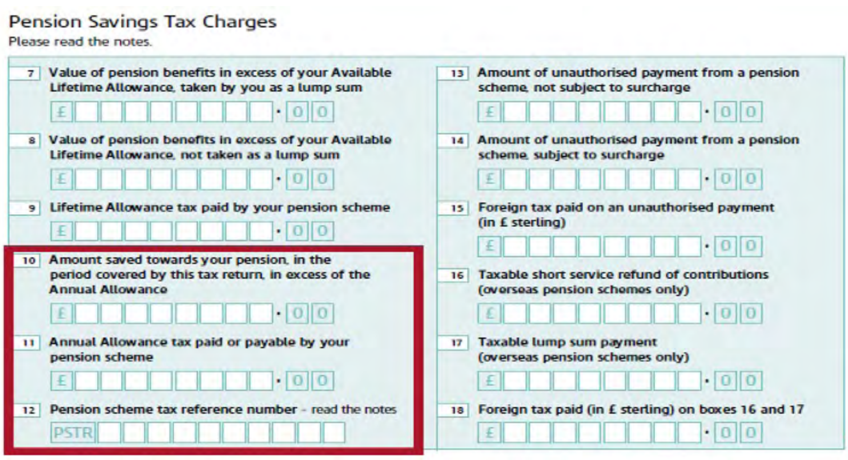
Take your total pension savings for 2022/2023 in excess of your available Annual Allowance (as calculated in Step 7) and calculate the AA tax charge due on your excess pension savings – please see Section 4 of 'Further Information' on page 10 for details on calculating the AA tax charge.

Step 9

If your total AA tax charge is **greater than £2,000** and you wish to utilise Voluntary Scheme Pays to pay some or all of it (but the Scheme Pays request must be at least £2,000), you must return your completed Voluntary Scheme Pays Request Form to the Plan administrator by **13 December 2023**.

Step 10

By 31 January 2024, you must submit your online Self-Assessment tax return to HMRC and complete the 'Pension Savings Tax Charges' section, as shown below. Please note this is by 31 October 2023, if you submit a paper Self-Assessment tax return.


Pension Savings Tax Charges
Please read the notes.

7 Value of pension benefits in excess of your Available Lifetime Allowance, taken by you as a lump sum
£ · 0 0

8 Value of pension benefits in excess of your Available Lifetime Allowance, not taken as a lump sum
£ · 0 0

9 Lifetime Allowance tax paid by your pension scheme
£ · 0 0

10 Amount saved towards your pension, in the period covered by this tax return, in excess of the Annual Allowance
£ · 0 0

11 Annual Allowance tax paid or payable by your pension scheme
£ · 0 0

12 Pension scheme tax reference number - read the notes
PSTR

13 Amount of unauthorised payment from a pension scheme, not subject to surcharge
£ · 0 0

14 Amount of unauthorised payment from a pension scheme, subject to surcharge
£ · 0 0

15 Foreign tax paid on an unauthorised payment (in £ sterling)
£ · 0 0

16 Taxable short service refund of contributions (overseas pension schemes only)
£ · 0 0

17 Taxable lump sum payment (overseas pension schemes only)
£ · 0 0

18 Foreign tax paid (in £ sterling) on boxes 16 and 17
£ · 0 0

If you are utilising Voluntary Scheme Pays, note:

1. **In box 10** – input your total excess pension savings (not the total tax incurred).
2. **In box 11** – state the amount of tax you are asking the Plan to pay on your behalf.
3. **In box 12** – state the Pension Scheme Tax Reference (PSTR) number, which is shown on the first page of your enclosed statement.

Section 1

Further information about your pension savings statement

Section 1
Your annual allowance

Your 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:

1. 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
2. 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.

Section 2
Your money purchase 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.

Section 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.

Section 4
'Carry forward' - unused annual allowance relief

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

Section 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.

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.

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.

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