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[Forms](#)
[News](#)

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[Working life](#)
[Planning retirement](#)
[Once retired](#)
[Scheme changes](#)
[My Account](#)

[Paying in](#)[How your pension is made up](#)[Benefit Statement](#)[Increasing your pension](#)[Payments refunds](#)[Tax and National Insurance](#)[Annual Allowance](#)[Lifetime Allowance](#)[Contracting-out, NI and GMP](#)[Supporting information](#)[Financial advice](#)[Life events](#)[Work events](#)[Deferring your pension](#)

We're experiencing high levels of contact, we appreciate your patience at this time.

Tax and National Insurance



As the Teachers' Pension Scheme is a registered pension, it's subject to tax rules and limits which are laid down by HM Revenue and Customs (HMRC).

HMRC introduced two pension allowances on 6 April 2006, one to restrict tax relief on pension growth and the other to restrict the benefits taken from a scheme, before giving rise to additional tax charges.

1) The Annual Allowance (AA) is the amount your pension can grow each year. If your AA is exceeded this gives rise to an AA charge.

Please note:

- The Finance Act is very specific as to who bears the liability for the payment of the AA tax charge. Section 237A(1) states:

“The individual is liable to the Annual Allowance charge”

- In addition, HMRC has issued guidance in the event of inaccurate or indeed no data being available for a member to make an accurate assessment.

The guidance in the Pension Tax Manual requires a member, who believes that they may be liable to an AA tax charge, to submit an estimate based on all of the information they have available. This must be done through their normal annual tax return, to be submitted no later than the 31 January, following the tax year in which the tax charge arose. They can then, at a later date, alter their tax return once accurate data has been provided.

- In order to assess your liability to an AA tax charge, you're required to measure the annual growth in all of your registered pension schemes, not just Teachers' Pensions. However, we can only provide you with the pension input amount in respect of your membership in the Teachers' Pension Scheme.

2) The Lifetime Allowance (LTA) is the maximum amount you can take in pension benefits during your lifetime from all pension schemes, before an additional tax charge is incurred. If the LTA is exceeded, you will be subject to the LTA charge.

Changes to Allowances from 2016

Changes were announced in the Government's Summer Budget 2015 which impact both the AA and the LTA. The tax rules regarding pensions are becoming increasingly complex and whilst there are relatively few members of the Scheme affected by these allowances, more members will be affected as the pension tax allowances are lowered.

➤ [Lifetime Allowance](#)

➤ [Annual Allowance](#)

➤ [Supporting information](#)

*We cannot provide you with **financial advice** in relation to these changes and would suggest that you consult with an independent financial or tax advisor to go through how or if the changes will affect you.*

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Calculators

Stay on track with the Annual Allowance limit.

➤ [Calculate](#)

FAQ

Get your retirement questions answered.

➤ [Read our FAQs](#)

Resource

Get your retirement planning on track with our guide.

➤ [Download now \(PDF, 15.3 MB\) \(This link opens in a new window\)](#)

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