

Pensions

Child maintenance liability is calculated based on gross income, which is the paying parent's income before any tax or national insurance contributions are made but after any pension scheme contributions are deducted. As a general rule, contributions made by a paying parent to a registered occupational or personal pension scheme should be deducted from the historic income figure before it is used in the maintenance calculation. This is because either the contributions themselves or the earnings from which they are paid qualify for income tax relief.

Where the paying parent makes payments to an employee pension scheme, this adjustment will already have been made (by the employer in their return to HMRC) in the historic income figure provided. Where this applies no further adjustment should be made to the historic income figure for these contributions.

Contributions to a private pension scheme can be deducted from the historic income figure if they are made in the same tax year.

If we have received a positive income figure from HMRC but the paying parent reports that their occupational pension contributions were not automatically deducted by their employer (and the employer has provided confirmation of this) or the figure does not take into account private pension contributions you can use the private pension functionality to adjust the HMRC figure. This same functionality applies where we are notified after the initial calculation has been carried out where the income source is HMRC. Tolerance does not apply.

For more information about pension contributions refer to Policy, Law and Decision Making Guidance 

Where current income is used in an assessment and pension details need to be added at a later date, consider if the change request has been received within 30 days of notification of a recent MC. If the request is within 30 days refer to [Mandatory Reconsideration](#) to progress, if the request is outside 30 days refer to [Change - Income](#). This will involve checking the latest current income against the previous current income used in the calculation to ensure that 25% tolerance is breached before the liability is changed.

Deductions can be made from current income for any private or occupational pension contributions made by the paying parent. The onus will be on the paying parent to inform if they are making pension contributions and to provide evidence confirming the amounts. Evidence of the pension contributions must relate to a period corresponding to that covered by the paying parent's current income details.

If pension contributions need to be revised on a current income decision then the Revise Income SR should be used. For more information refer to [Revision/Correction - Change To Income](#).

For more information refer to Policy, Law and Decision Making Guidance 

Adding a Pension



When a private pension is added prior to the Initial Calculation ensure that the Pension Contributions SR is not completed until after the Initial Calculation is complete. This action is to be completed by the next owning segment once the initial calculation has been completed. Notes are to be recorded against case providing clear and precise information on the change reported

1. To raise the Private Pension SR, from within the NRP contact use the following:
 - **Process = Perform Calculation**
 - **Area = HMRC Income Adjustment**
 - **Sub Area = Pension Contributions**
2. Add the correct **Effective Date**, set the **Status** to **In Progress**.
3. Decide if the evidence already provided is acceptable. If not issue letter **CMSL3404** to ask for evidence, set a **Wait** status for 14 days. For more information on acceptable evidence, refer to Policy, Law and Decision Making Guidance 
4. If after 14 days, no acceptable evidence is received, update the **Sub Status** to **Evidence Not Acceptable**, save the record then issue **CMSL3405**. Update the **Resolution Code** to **Rejected** then **Status** to **Closed** and **Sub Status** to **Complete**.
5. If acceptable evidence is returned following **CMSL3404** update the **Sub Status** to **Evidence Acceptable**. Save the record.
6. Update the **Effective Date** field with the effective date of the change.
7. Ensure the following fields have values entered in the activity plan:
 - New HMRC Income Year = This should be set for the tax year for which the pension contributions are for
 - Old HMRC Tax Year = Select the MVG button first this will then populate with the corresponding HMRC income record
 These two fields should always align.
8. Ensure the **Current Private Pension** field is populated with the correct pension amount. For more information on treatment of contributions to private pension schemes, refer to Policy, Law and Decision Making Guidance 
9. Update all activities within the activity plan and change the **Resolution Code** to **Approved**. This generates a new **Perform Calculation** child SR. Check the new calculation is correct, once the **Perform Calculation** SR is closed update the HMRC income adjustment SR Status to **Closed** and the **Sub Status** to **Complete**.

10.  Advise the paying parent that the pension information will only remain in place until the next annual review - when the annual income update letter is received the paying parent needs to supply current pension evidence.

Removing a Pension

11. If notified that private pension has ceased, raise an SR using the following:

- **Process = Perform Calculation**
- **Area = HMRC Income Adjustment**
- **Sub Area = Cancel Private Pension**

12. A **Perform Calculation** child SR is generated, this will remove the private pension. Once finished close the SR by setting the **Status** to **Closed** and the **Sub Status** to **Complete**.

[CMSL3404 Please Give Us Evidence Of Payments You Make Into A Personal Pension Scheme](#)

Request for evidence when the PP is on HMRC income and tells us about their personal pension scheme contributions either :

- Before the calculation decision is made
- Within 30 days of the decision being made
- Outside of that 30 day period, but the caseworker accepts that they had good cause for being late

[Change - Income](#)

[Revision/Correction - Change To Income](#)