

THE CHEMISTRY FOR SUCCESS



DON'T LET YOUR PENSION POT OVERFLOW...

As a result of the reduction in Lifetime Allowance (LTA) from £1.25m to £1m with effect from 6 April 2016, two new transitional protection regimes have been introduced: Fixed Protection 2016 and Individual Protection 2016. The LTA is a limit on the value of benefits that can be built up in your pension pot and any excess could be subject to an onerous tax charge of up to 55%, so it is important that you select the correct cover for your pot!

Fixed Protection 2016 (FP16)

FP16 provides a personal LTA of £1.25 million whatever the value of your pension savings. It is aimed at anyone, who doesn't have primary, enhanced or FP12/14 LTA Protection, and who expect their fund to be in excess of the reduced LTA at the point they crystallise their benefits.

Whilst it was not possible to apply for 2016 protection until after April 2016, individuals who want to rely on FP16 should have ceased to accrue benefits after 5 April 2016.

Individual Protection 2016 (IP16)

IP16 provides a personal LTA of between £1m and £1.25m (capped at £1.25m), based on the collective value of your pension holdings at 5 April 2016.

There will be no application deadline for IP16 or FP16, and HMRC won't issue certificates for these two protections.

It is also worthwhile noting that Individual Protection 14 (IP14) is still available and applications can be made up to the 5 April 2017, and should be considered by those who had pension provision valued above £1.25m at 5 April 2014.

If you would like to know more about how to protect your pension, or if you would like a review of your existing pensions please don't hesitate to contact me.

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