

# THE CHEMISTRY FOR SUCCESS



## NEW PENSIONS PROTECTION

From 6 April your Lifetime Allowance (LTA) will be reduced from £1.25m to £1m. 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%!

Going forward there will be two types of pension protection available to you:

### Fixed Protection 2016 (FP2016)

- No further contributions or relevant benefit accrual can take place from 6 April 2016 onwards.
- Lifetime allowance protection is fixed at £1.25m.
- Pension commencement lump sum is protected at 25% of the fund value up to £1.25m.
- Cannot be held alongside primary, enhanced or fixed protection 2014.

### Individual Protection 2016 (IP2016)

- Total amount of retirement benefits held at 5 April 2016 must be in excess of £1m.
- Lifetime allowance is protected at the value of benefits held, subject to a maximum of £1.25m.
- Pension commencement lump sum is protected at 25% of the fund value up to the protected amount.
- Cannot be held alongside primary protection.

You can apply for these new protections from July 2016.

As an interim measure you can let HMRC know that you intend to rely on either IP2016 or FP2016 which will afford temporary protection, and then you can fully apply from July.

To find out if you could benefit from applying for either Fixed or Individual Protection, contact Simon Gray today, [simon@hentons.com](mailto:simon@hentons.com) or 0113 234 0000.