

## Taking benefits when you have a Personal Lifetime Allowance or your benefits exceed the Standard Lifetime Allowance

There is an overall Lifetime Allowance (LTA), which will cover all your pension plans except your state pension or those inherited from someone else (such as a spouse's pension), however many you have. This limit is commonly referred to as the Standard Lifetime Allowance. Whenever benefits are taken, **or you reach age 75**, we must test all your pension entitlement against the LTA. If you have benefits over the standard LTA, there may be a tax charge on the excess when you take your benefits.

The standard LTA for the tax year 2018/19 has been set at £1.03 million. The standard LTA for the tax year 2019/20 has been set at £1.055 million. The standard LTA for the 2020/21 tax year has been set at £1,073,100. The standard LTA will increase each tax year in line with the Consumer Prices Index. Protection may be available for those that may exceed the LTA. If you think this may affect you we strongly suggest you seek financial advice. For people with a protected early retirement age earlier than 55, their Lifetime Allowance may be less than the standard Lifetime Allowance.

### **Pension Protections**

Details of the various Pension Protections are shown below:

#### **Pension savings before 6 April 2006**

Some people had built up pension pots worth more than £1.5 million before 6 April 2006 when the lifetime allowance was introduced. Lifetime allowance protection was introduced so that they didn't have to pay the lifetime allowance charge on pension pots built up before this date. There are two main types of

protection for pension pots built up before this date, these are:

- Primary protection
- Enhanced protection

#### **It is no longer possible to apply for Primary and/or Enhanced Protection.**

#### **Pension savings before 6 April 2012**

The lifetime allowance gradually increased to £1.8 million by 6 April 2011 but from 6 April 2012 the lifetime allowance was reduced to £1.5 million. A new form of protection called Fixed Protection was introduced to protect those who might have already built up pension pots of more than £1.5 million or had planned to do so.

#### **It is no longer possible to apply for Fixed Protection 2012.**

#### **Pension savings before 6 April 2014**

From 6 April 2014 the lifetime allowance was reduced to £1.25 million. A new form of protection called Fixed Protection 2014 was introduced to protect those who might have already built up pension pots of more than £1.25 million or had planned to do so.

#### **It is no longer possible to apply for Fixed Protection 2014.**

From 6 April 2014 it was possible to apply for Individual Protection which is for individuals with pension rights valued over £1.25 million on 5 April 2014 and enables further saving under a pension scheme whilst benefiting from protection. It will give individuals a lifetime allowance that is the value of

their pension rights on 5 April 2014, up to an overall maximum of £1.5 million.

#### **It is no longer possible to apply for Individual Protection 2014.**

#### **Pension savings before 6 April 2016**

From 6 April 2016 the lifetime allowance was reduced to £1 million. A new form of protection called Fixed Protection 2016 was introduced to protect those who might have already built up pension pots of more than £1 million or had planned to do so.

Individual Protection 2016 was also introduced. This is for individuals with pension rights valued over £1 million on 5 April 2016 and enables further saving under a pension scheme whilst benefiting from protection. It will give individuals a lifetime allowance that is the value of their pension rights on 5 April 2016, up to an overall maximum of £1.25 million.

There is currently no closing date for applying for Individual/Fixed Protection 2016.

You must provide us with a print out or copy of your protection certificate.

#### **Other Lifetime Allowance Protection**

There are also some other instances where individuals can apply to HMRC for an increased Lifetime Allowance factor. Applications for these also need to be made to HMRC, but there are varying timescales for these. There is more information on Lifetime Allowance protections and how to apply on the HMRC website:

**[www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance](http://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance)**



[www.pru.co.uk](http://www.pru.co.uk)

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## Additional information form

Please use black ink and write in CAPITAL LETTERS or tick  as appropriate. Any corrections must be initialled. Please do not use correction fluid as this will invalidate your form.

We are required by HMRC to test all your pension entitlement against the LTA at age 75, whether or not that entitlement has been drawn by that point.

HMRC requires us to report to them regarding pensions where the Lifetime Allowance is affected. Even where the Lifetime Allowance has not been exceeded it might be necessary to report information to HMRC e.g. with Enhanced Protection. Where relevant, the information requested in this form will enable us to meet this requirement.

Including area code.

### About this form

You should complete this form if:

- › You are taking benefits from your pension plan.
- › You are transferring your benefits from your pension plan to a Qualifying Recognised Overseas Pension Scheme (QROPS).
- › You have reached age 75.

### How we use your personal information

For a copy of our latest Data Protection Notice, please visit [www.pru.co.uk/mydata](http://www.pru.co.uk/mydata). This details how and why we use your personal information (including any sensitive personal information), who we may share it with and your rights around your personal information. Alternatively, you can request a copy to be sent to you by writing to The Data Protection Officer, Customer Service Centre, Lancing, BN15 8GB.

Please note that we collect personal information from you that is necessary for us to either provide you with the product or service you've requested or to comply with statutory or contractual requirements. Unfortunately if you don't provide all of the information we require this may mean we are unable to provide our products and services to you.

### Important notes

- › In this form "taking benefits" includes transferring to a QROPS.
- › This form provides the information needed to meet HMRC rules, so must be fully and correctly completed. Anyone making a fraudulent or negligent claim in respect of entitlement to any form of protection may become liable to a significant penalty.
- › The information needed is comprehensive, covering all your private pensions. You may want to get advice from your financial adviser. You may be charged for this advice.
- › You should keep a copy of this form as it may be useful if you are taking further benefits at a later date.
- › A Benefit Crystallisation Event (BCE) will usually occur when pension entitlement is taken. Please note that certain forms of pension entitlement will not trigger a BCE.

### Information we need from you

Your Name

Your policy or scheme number

Your daytime phone number

National Insurance No.

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## Information we need from you – continued

Do you have any other pensions (*elsewhere and/or with Prudential*)? Yes  No

Are you already getting a pension income from any previous employer's scheme or other pensions (*elsewhere and/or with Prudential*)? Yes  No

If you answered **No** to both of these questions, you can ignore most of this form & go to step 4.

If you answered **Yes** to either of these questions, please complete the steps in the following tables. These cover details of all of your UK pensions but ignore pensions from the State.

### Step 1: What benefits are you taking now?

Do you expect to take other benefits on, immediately before or just after the benefits covered by this quote or have you reached age 75? Yes  No

If **No**, go to step 2.

If **Yes**, please provide details. You must nominate the order you will take them even where you are taking benefits at the same time. In HMRC terms, you must nominate the order for each Benefit Crystallisation Event (BCE), **including your Prudential benefits**. We need this information to establish which benefits will be covered by any unused LTA and any which may be liable to a tax charge.

**If you have reached age 75 your total pension entitlement must be tested against the LTA in accordance with HMRC rules. Please provide the details below for any other pension arrangements you have including all arrangements with Prudential, that have not been captured in the other sections of this form. The nominated order will be used to determine any HMRC reporting requirements.**

The nominated order may differ from the order in which arrangements are eventually paid, however as long as all providers are given the same nominated order, HMRC reporting requirements will be met.

Continue on a separate sheet if necessary.

Order	Scheme name/ pension provider, address, and plan or reference number	Date when you want benefits to start#	Expected value of benefits £	Expected value of tax free cash £	% of LTA used*
1					
2					
3					
4					
5					

# If you are completing this as you have reached age 75 and you are **not** taking your benefits at this time, please insert "N/A".

\* We need a copy of any statement(s) provided to you by the scheme or pension provider showing the % of the LTA already used. If these have not yet been paid/LTA% not yet identified we will use the expected value. We will use the nominated order in both instances.



## Information we need from you – continued

### Step 3: What benefits have you taken before 6 April 2006?

Are you receiving an income from any other benefits, including income from an income drawdown plan, which started before 6 April 2006?

Yes  No

If **No**, go to step 4.

If **Yes**, you must confirm details, including any income/pension you are receiving from Prudential, of:

**Pension/Annuity (excluding any drawdown income):** The yearly rate of pension (before tax deduction) at your first Benefit Crystallisation Event (BCE) on or after 6 April 2006, or if earlier, at age 75.\*

These will be valued against the Lifetime Allowance by multiplying the yearly amount of pension by 25.

Scheme name/ pension provider, address, and plan or reference number	Date when benefits started	Date of first BCE	Yearly amount of pension £*

#### Drawdown Income (See note 1)

If first BCE between 6/4/06 and 5/4/15 incl

Scheme name/ pension provider, address, and plan or reference number	Date when benefits started	Date of first BCE	Yearly amount of pension/ drawdown £

Step 3 continued on next page.

#### Note 1

If Capped Drawdown at date of first BCE, the yearly amount is the maximum income applicable in the Drawdown year in which the date the first BCE occurred on or after 6 April 2006. These are valued against the lifetime allowance by multiplying the yearly amount by 25.

The same applies for Flexible Drawdown, however, it is the maximum income applicable in the Drawdown year in which the Flexible Drawdown declaration was completed, which is multiplied by 25.

Continue on a separate sheet if necessary.

## Information we need from you – continued

### Step 3: What benefits have you taken before 6 April 2006? – continued

If first BCE on or after 6/4/15 (See note 2)

Scheme name/ pension provider, address, and plan or reference number	Date when benefits started	Date of first BCE	Yearly amount of pension/ drawdown £

#### Note 2

If Capped Drawdown at date of first BCE, the relevant drawdown year is that in which the date of the first BCE applies. These will be valued against the Lifetime Allowance at your first BCE on or after 6 April 2006 by multiplying 80% of the maximum income by 25.

If Flexi-Access Drawdown at first BCE, the relevant drawdown year is that in which funds were first converted to Flexi-Access Drawdown. These will be valued against the Lifetime Allowance at your first BCE on or after 6 April 2006 by multiplying 80% of the maximum income by 25.

If Flexible Drawdown prior to 6 April 2015, the yearly amount is the maximum income payable in the Drawdown year in which the Flexible Drawdown declaration was completed. Where that Drawdown year began before 27 March 2014, the yearly amount is multiplied by 25. Where that Drawdown year began on or after 27 March 2014, it is 80% of the yearly amount which is multiplied by 25.

### Step 4: What type of "LTA Protection" are you entitled to, if any?

You may have applied to HMRC to protect a higher LTA. Please confirm which type of LTA Protection or LTA Enhancement Factors, if any, apply to you and attach a photocopy/print out of the appropriate HMRC certificate. In the case of Fixed Protection 2016 and/or Individual Protection 2016, please provide the reference number issued by HMRC as evidence of your LTA protection. You can get more information on these from HMRC website.

Type of Protection	Tick if protection applies	Certificate attached ( <i>tick</i> )
Enhanced Protection		
Primary Protection		
Fixed Protection		
Fixed Protection 2014		
Individual Protection 2014		
Fixed Protection 2016		
Individual Protection 2016		
Recognised Overseas Scheme Transfer		
Pension Credit Factor		
Non Residence Factor		

If any photocopy/print out of an HMRC protection certificate is not available, please let us know when you will be able to send it.

We will assume that you do not have any protection unless you can send us a photocopy/print out of the HMRC protection certificate.

## Information we need from you – continued

### Step 5: Declaration

I confirm that:

- › The information I have given in this form is correct.
- › I have disclosed details of all my pension schemes (other than my State Pension or any other pension entitlements which do not contribute towards the Lifetime Allowance).
- › I consent to:
  - The exchange of information directly between Prudential and the other pension schemes or providers I have mentioned in this form, as may be necessary to facilitate the payment of benefits from my Prudential account/fund, and
  - the deduction of any Lifetime Allowance Charge that I may be liable for from my account/fund before payment.

Signature

Date

D	D	M	M	Y	Y	Y	Y
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Please return this form and relevant attachments to: Prudential, Lancing BN15 8GB.

### Next steps

When you send back your completed form together with any other required documentation, we can issue revised quotations (where applicable) showing your options, where:

- › you are eligible for Lifetime Allowance protection and this changes the figures previously quoted.
- › a Lifetime Allowance Charge applies.



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