

THE CHEVIOT PENSION

ABOLITION OF THE LIFETIME ALLOWANCE

The Lifetime Allowance (LTA) is the limit on the amount of pension benefits that you can currently take from all your UK registered pension arrangements. The value of your benefits is assessed at the point you bring your benefits into payment.

LTA from April 2024

From 6 April 2024, the LTA will be abolished and replaced by two new allowances:

- » Lump Sum Allowance (LSA) and
- » Lump Sum and Death Benefit Allowance (LSDBA).

The Lump Sum Allowance (LSA) is a limit on the amount of tax-free cash you can take as a lump sum from your pension. The standard LSA is £268,275, which is 25% of the Lifetime Allowance set at £1,073,100 before 6 April 2024. This limit includes any lump sums you have taken from other pension arrangements.

The Lump Sum and Death Benefit Allowance (LSDBA) is a limit on the amount of tax-free cash paid out during your lifetime or when you die. The standard LSDBA is £1,073,100.

In both cases, benefits which exceed the monetary cap will be taxed at an individual's or beneficiaries' marginal rate.

If you have benefits from all your UK registered pension arrangements that are close to or in excess of the current LTA of £1,073,100, **you may wish to seek advice from a Financial Adviser**. We are unable to provide any advice. This is particularly relevant if you are retiring from the scheme in the near future or have already started the retirement process and have overall benefits across all your registered pension arrangements close to or in excess of the LTA. The outcome could be different depending on whether you retire before or after the new rules are in force.

If you do not have your own adviser, you should use [MoneyHelper](https://www.moneyhelper.org.uk), www.unbiased.co.uk or www.vouchedfor.co.uk to find a suitable FCA regulated financial adviser.

Applying for protection

If you currently have benefits across all your pension arrangements of more than the standard lifetime allowance of £1,073,100, there are two types of LTA protection you can apply for. They are:

- Fixed Protection 2016 (FP2016); and
- Individual Protection 2016 (IP2016).

If you have Lifetime Allowance protection, your LSA and LSDBA will be based on the amount protected. Please note: If you've previously applied for either protection, there is no need to apply again.

What next?

If you require any information about your pension benefits and the LTA, please contact us at members@cheviottrust.com. More information about the LTA including the protections and how to apply for them can be found at MoneyHelper, which provides free and impartial money and pensions guidance for people all across the UK, at the following link: [Lifetime allowance for pension savings | MoneyHelper](https://www.moneyhelper.org.uk/lifetime-allowance-for-pension-savings)

If you have taken benefits from another registered pension arrangement before 6 April 2024, your personal LSA will be reduced by 25% of the value of the benefits you took from that arrangement. If you took less than 25% of your benefits as tax free cash, you may be able to apply for a transitional certificate that increases your personal LSA. However, you can no longer apply for a transitional certificate once you take any benefits from a registered pension arrangement on or after 6 April 2024. If you think this might apply to you, please see "What Next" for where you can obtain further information.