

Suffolk Life looks at PCLS protection in latest Talking Points e-bulletin

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In its latest Talking Points e-bulletin for advisers, Suffolk Life, one of the UK's leading providers and administrators of SIPPs looks at three types of lump sum protection: primary, enhanced and scheme specific.

There are three types of lump sum protection: primary, enhanced and scheme specific. They apply in different circumstances and require different calculations to establish how much a member is entitled to. In order to choose the best type of protection, it is worth considering, amongst other factors, the impact that the choice of each could have on the lump sum benefits. This talking point looks at the options and in each case ways in which the permitted amount may increase in the future.

Pension commencement lump sums (PCLS) are not, apart from any applicable lifetime allowance charge, subject to tax.

To qualify for primary protection on a lump sum, the member must have:

- » uncrystallised lump sum rights at 5 April 2006 of more than £375,000
- » total pension assets in excess of £1,500,000 at 5 April 2006

To qualify for enhanced lump sum protection the individual must have:

- » total lump sum rights (crystallised and uncrystallised) in excess of £375,000 as at 5 April 2006
- » meet all other enhanced protection rules

To qualify for scheme specific protection the individual must have:

- » lump sum rights in excess of 25% of the uncrystallised rights within that scheme as at 5 April 2006
- » there is no minimum monetary amount of lump sum benefits required for scheme specific PCLS protection

Commenting on the e-bulletin, John Moret, Director of Sales and Marketing at Suffolk Life, said: "In our view, given the different types of PCLS protection and different ways in which the protection can change over time, all cases need to be reviewed on an individual basis. PCLS protection needs to be considered carefully in cases where a transfer is proposed from a scheme under which the individual has the potential of more than 25% PCLS such as an EPP or SSAS."

The e-bulletin goes into further detail with regards to what is required for the different degrees of protection and transfers. It is possible to make transfers to any registered pension scheme without invalidating enhanced or primary PCLS protection. However, this is not the case with scheme specific protection.

- Ends -

For further information, please contact:

John Moret, Director of Sales and Marketing
Suffolk Life
07711 492440

Louise Dolan / James Marshall
FD
020 7269 7192 / 7222

About Suffolk Life

Suffolk Life is one of the UK's leading providers and administrators of specialist pension products, primarily Self Invested Personal Pensions (SIPPs). It has established over 12,000 self-invested plans and total assets now exceed £3 billion. Suffolk Life has acquired around 1,500 properties for over 2,500 SIPP investors.

Established in 1971 and based in Ipswich, Suffolk Life employs over 195 people and has built an enviable reputation based on its expertise and knowledge of the SIPP market.

This has been recognised through numerous awards including:-

Technology, Admin and Service award, SIPPs – Pensions Management 2007 & 2006
Best SIPP Provider - Professional Adviser 2006
Best SIPP Provider - Professional Pensions 2006 & 2005
Best SIPP Product - Moneyfacts 2005
Best Buy - Investors Chronicle 2005
Admin & Service awards, SIPPs – Pensions Management, wins in 2002, 2003 & 2004, commended in 2005

Investor in Customers 2 star award for 2007

Suffolk Life was acquired by Legal and General in May 2008.

Further details are available by visiting the Suffolk Life website: www.suffolklife.co.uk