Dear subscriber

In this Talking Points:

Fixed Protection Application Form Available

Pension schemes newsletter 48 launches the Fixed Protection Form, with a few surprises.

As anticipated the form does not require any formal valuations from the scheme and is refreshingly clear and simple, requiring only basic personal information. Clients and employers alike will need to be made aware that any contributions after 5 April 2012 will invalidate this protection, automatically reverting to the standard lifetime allowance leading to potentially serious tax charges.

Giving up Enhanced Protection

It is not possible to apply for Fixed Protection if your client already holds Enhanced or Primary Protection.

If your client has told HMRC that they plan to rely on Enhanced Protection then they will have received a certificate with details of the protection. However, unlike Primary Protection they *can* choose to give up Enhanced Protection. Notice must be received by HMRC by 5 April 2012.

If, like many people with Enhanced Protection, your client holds both Primary and Enhanced Protection and they choose to give up Enhanced, they will still have Primary Protection. This will prevent them from benefitting from Fixed Protection.

This means there is no benefit in giving up Enhanced Protection.

Our view of the opportunity

The reminder of the ability to give up Enhanced Protection will promote the added flexibility to those without tax free cash protection who would otherwise have been restricted to 25% of £1.5 million.

Downloads

APSS 227 - Fixed Protection Form

APSS 227 Notes

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The value of your client's pension fund is not guaranteed and can go down as well as up.

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