

Age 75 lifetime allowance calculation form

No lifetime allowance protection ever held

Do not use this form if:

- you ever held or still hold lifetime allowance protection with HMRC; or
- you have already exceeded the lifetime allowance.

Call **0345 6060708** for an 'Age 75 lifetime allowance information and excess instruction form' (reference CL01742) instead, or download it from www.canadalife.co.uk.



About the Lifetime Allowance

The lifetime allowance is the limit on the total value of pension rights that you can build up across all your UK registered pension schemes during your lifetime before a tax charge, called the lifetime allowance charge, applies.

The basic limit is called the 'standard lifetime allowance' (SLA). The SLA is £1,073,100 in tax year 2020/2021.

Most people have their pension rights tested against the SLA.

Some people with very high value pension funds, hold what's known as 'lifetime allowance protection' with HM Revenue & Customs (HMRC), giving them a higher personal lifetime allowance than the standard.

A lifetime allowance check is made each time benefits are taken and usually for the last time, at age 75 on:

- 'Uncrystallised' benefits. This means any remaining pension funds (pots) and entitlements you have not yet accessed, or received any payments from, or placed into income drawdown; and
- Investment growth on 'crystallised' benefits. This means investment growth on pension funds you still hold in income drawdown arrangements/products at age 75, that you first placed into drawdown on or after 6 April 2006.

The check at age 75 is compulsory, required by pensions tax legislation. It is usually the last time your benefits will be tested.

The purpose of the check is to find out if all your remaining pension pots/benefits are still within your lifetime allowance (no charge arises) or over it (resulting in a charge).

This form should help you to understand the rules and the steps you need to take **if you are now and have always been, subject to the standard lifetime allowance.**

Before you start:

- | | | |
|--|--------------------------|--------------------------|
| | Yes | No |
| • Have you ever held or do you still hold lifetime allowance protection with HMRC? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Have you already exceeded the standard lifetime allowance? | <input type="checkbox"/> | <input type="checkbox"/> |

If you answered '**Yes**' to one or both of these questions, call **0345 6060708** for an **Age 75 lifetime allowance information and excess instruction form (reference CL01742)** instead. You can also download it from **www.canadalife.co.uk**.

If you answered '**No**' to **both** questions, please continue to use this form.

How to check your lifetime allowance at age 75 – the basic steps

In practice, this involves adding up the percentages of the standard lifetime allowances used up by:

- all the benefits* you have already taken/are still in payment to you; and
- the value of your remaining (uncrystallised) pension pots/benefits and investment growth on funds still held in income drawdown.

This means that you will need certain information and may have to do some calculations once you reach age 75, to work out the percentages before you can add them all up.

You can ignore any death/survivor's benefits you are receiving and any state pension benefits due or in payment to you.

You can use this step-by-step guide and spaces to make your calculations at age 75.

Where to get help

Please contact your professional adviser in the first instance.

Or you can contact us:

By telephone on **0345 6060708**.

By email at **Customer.services@canadalife.co.uk**



IMPORTANT: This guide is only for information, based on Canada Life's understanding of existing and proposed UK tax law as at March 2020. It is not an authoritative statement of the requirements of the law.

Canada Life is not authorised to give financial advice and takes no responsibility for any adverse consequences, costs or levies, arising from your reliance on this guide.

You are strongly recommended to contact a professional adviser.

* 'Benefits', in relation to UK registered pension schemes means:

- Tax free lump sums taken on or after 6 April 2006.
- One-off or regular (taxable) lump sum withdrawals (called 'uncrystallised funds pension lump sums' or 'UFPLS').
- Triviality lump sums paid on or after 6 April 2006 (except 'small pot' payments of £10,000 or less).
- Pension and pension annuity incomes.
- Funds held in/paid from income drawdown arrangements.
- Funds transferred to overseas pension arrangements.

How to check your lifetime allowance

Complete this page and the back page

Tick if none

1. Benefits taken since 6 April 2006 including with Canada Life*.

Insert the percentage of the standard lifetime allowance (SLA) used up each time you took benefits, invested in income drawdown or transferred benefits overseas, from this or any other pension scheme on or after 6 April 2006.

Each scheme/provider should have confirmed the % to you at the time. You can ask them now if you cannot find it.

*We will re-confirm the % you used with Canada Life and the date you took your benefits when we write to you again at age 75.

Source of benefit (scheme/provider name)	Date these benefits were taken	Percentage of SLA used
		%
		%
		%
		%
		%
		%
1. Total %		%

2. Pension income(s) in payment to you or benefits invested in income drawdown, before 6 April 2006 (pre 06/04/06 income).

Tick if none

You need to convert the total gross annual amount of the income(s) to a value and then to a percentage of the standard lifetime allowance (SLA). How you do this depends on whether you have taken any benefits since 6 April 2006 (see question 1) and when you took them. Use either 2(a) or 2(b), below.

2(a) If you have not taken any benefits since 06/04/06

Is any of the pre 06/04/06 income **currently** being paid from, or invested in a drawdown fund? Yes No

If **yes**, contact your professional adviser or call us on **0345 6060708**. If **no**, the way to work out the value is as follows:

$$\begin{aligned} \text{Total yearly gross income at age 75.} & \quad \text{£ } \boxed{} \times 25 \\ = & \quad \text{£ } \boxed{} \\ \text{SLA in tax year of reaching age 75} & \quad \text{£ } \boxed{} \div \times 100 \\ \text{(see list below)} & \quad \mathbf{2(a) = } \boxed{} \mathbf{\%} \end{aligned}$$

Example (i): Your pre-6/4/06 income at age 75 is £8,585 a year before tax. The tax year of reaching age 75 is 2020/21 when the SLA is £1,073,100.

$$£8,585 \times 25 = £214,625 \div £1,073,100 = 0.20 \times 100 = \mathbf{20\%}$$

2(b) If you have taken benefits since 06/04/06

Was any of the pre 06/04/06 income being paid from, or invested in a drawdown fund at the earliest date shown in question 1? Yes No

If **yes**, contact your professional adviser or call us on **0345 6060708**. If **no**, the way to work out the value is as follows:

$$\begin{aligned} \text{Total yearly gross income at earliest date in 1} & \quad \text{£ } \boxed{} \times 25 \\ = & \quad \text{£ } \boxed{} \\ \text{SLA in tax year of the earliest date in 1} & \quad \text{£ } \boxed{} \div \times 100 \\ \text{(see list below)} & \quad \mathbf{2(b) = } \boxed{} \mathbf{\%} \end{aligned}$$

Example (ii): Pre-6/4/06 income at the earliest date in 1 was £9,000 a year before tax. Earliest date in 1 fell in tax year 2015/16 when the SLA was £1,250,000.

$$£9,000 \times 25 = £225,000 \div £1,250,000 = 0.18 \times 100 = \mathbf{18\%}$$

List of standard lifetime allowances (SLA)

Tax year	SLA
06/04/06 – 05/04/07	£1,500,000
06/04/07 – 05/04/08	£1,600,000
06/04/08 – 05/04/09	£1,650,000
06/04/09 – 05/04/10	£1,750,000
06/04/10 – 05/04/11	£1,800,000
06/04/11 – 05/04/12	£1,800,000
06/04/12 – 05/04/13	£1,500,000
06/04/13 – 05/04/14	£1,500,000
06/04/14 – 05/04/15	£1,250,000
06/04/15 – 05/04/16	£1,250,000
06/04/16 – 05/04/17	£1,000,000
06/04/17 – 05/04/18	£1,000,000
06/04/18 – 05/04/19	£1,030,000
06/04/19 – 05/04/20	£1,055,000
06/04/20 – 05/04/21	£1,073,100

Please complete the back page

3. Remaining (untested) pension pots/benefits

You should include **all** your remaining (untested) pots/benefits with Canada Life and with any other schemes providers.

You will need to ask your schemes/providers to tell you the value of your untested pot/benefits as a percentage of the standard lifetime allowance as at your 75th birthday.

If you still have funds in income drawdown that were first invested on or after 6 April 2006, you only need to take account of any net investment growth at age 75, not the full fund value at age 75. You can ask your drawdown scheme/provider if there is a net growth amount at age 75 and if so, the percentage of the SLA that it equates to on your 75th birthday.

Example:

You reach age 75 in tax year 2020/2021 when the SLA is £1,073,100. The value of your untested pot at age 75 is £107,310 which represents 10% of £1,073,100.

We will confirm the value(s) and the percentage(s) to be tested in respect of your Canada Life plans just after your 75th birthday. If you would like an estimate before then, please contact us.

Once you know the percentages, insert them in the table below.

Source of benefit (scheme/provider name)	Percentage of SLA at 75
	%
	%
	%
	%
	%
	%
	%
3. Total %	%

4. Your result

Add up all the percentages in the shaded boxes in 1, 2(a) or 2(b) and 3, to get the total percentage used.

1	
2(a)	
or 2(b)	
3	
Total %	

Name - Print

Canada Life policy/plan number(s)

Your signature

Date completed

