

Lifetime allowance calculation form

No Lifetime allowance protection ever held

Policy/plan number or Personal Example reference

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, or think you will exceed it on taking benefits with Canada Life.

Note: Call **0345 6060708** for a 'Lifetime allowance information and excess instruction form' (reference CL01574) instead, or **download** it from **www.canadalife.co.uk**.

The purpose of this form

The lifetime allowance is the limit on the total value of pension benefits that you can build up across all your UK registered pension schemes during your lifetime before additional income tax charges apply.

Although the Government has said it will abolish the lifetime allowance, we are waiting for details of how and when this will be done. This means that for tax year 2023/24, we must continue to check if the benefits you are taking now with Canada Life are within, or over your lifetime allowance.

The basic limit is called the '**standard lifetime allowance**' (**SLA**). The current SLA is £1,073,100.

Most people have their pension rights tested against the SLA in force in the tax year of taking benefits.

Some people with very high value pension rights, 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.

Additional tax charges only apply if you go over the standard lifetime allowance, or your protected allowance (if higher), resulting in an 'excess' amount in your pension pot.

Before 6th April 2023 we had to deduct the lifetime allowance charge from excess amounts. The charge was 55% if the excess was taken as **lump sum** (available before age 75), or 25% if it was used to provide **additional income** (annuity/drawdown income). The extra income was then taxed under Pay as You Earn (PAYE), on top of the 25% charge already deducted.

This changed from 6 April 2023. If the excess is taken as a **lump sum** (available before age 75), we must deduct income tax, not the 55% charge, before making the payment. If it is used for **additional income**, there will be no 25% charge to pay on the excess itself, but the extra income must still be taxed in payment under PAYE, along with the rest of your annuity/drawdown income.



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.

Getting started - Please answer the next four questions

Ignoring any death/survivors's benefits you are receiving and any state pension benefits due or in payment to you:

- | | | | |
|---|---|---------------------------------|--------------------------------|
| 1 | Have you already taken benefits* from this or any other pension scheme/plan, or transferred them to an overseas scheme? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |
| 2 | Are you now receiving any pension income that first started to be paid to you or did you hold any benefits in an income drawdown fund, before 6 April 2006? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |
| 3 | Will you be taking benefits from any other pension scheme/plan or transferring them to an overseas scheme, at or around the same time as you take benefits with Canada Life? | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |
| 4 | Is the total value of the benefits you intend to take now with Canada Life, more than the standard lifetime allowance (SLA) in the tax year in which you are taking them? The SLA is shown on the front page of this form.
Include the amounts of any lump sum payments, funds being invested under income drawdown for the first time and funds being used to buy an annuity. | Yes
<input type="checkbox"/> | No
<input type="checkbox"/> |

About your answers

If you answered 'no' to all four questions:

- please complete and return your application form; and
- if you are applying to take regular withdrawals of taxable lump sums (known as uncrystallised funds pension lump sums, or 'UFPLS') from your Canada Life 'Pension Investment Plan', you should enter '0%' in the UFPLS section of your application form.

If you answered 'yes' to any of the questions, you will need to check your lifetime allowance before sending your application. Please read on.

Why you need to check your lifetime allowance

The check is made each time you take a benefit, to find out if you are still within your lifetime allowance or, if you will go over it, resulting in additional income tax if the excess is paid to you as a lump sum (available before age 75).

How to check your lifetime allowance – 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 benefits* you are taking now.

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

You can ignore any death/survivors's benefits or state pensions you are receiving.

We don't need to know about lump sums taken before 6 April 2006, unless you postponed taking the associated income (or investing in drawdown) until after that date.

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

Please complete **all** sections, including those on the back page.

- * '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.

Where to get help

Please contact your professional adviser in the first instance. Or you can contact us:

Call us
0345 606 0708



By email

customer.services@canadalife.co.uk



Important

This form is only for information, based on Canada Life's understanding of UK existing and proposed tax law as at April 2023.

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 form. You are strongly recommended to contact a professional adviser.

How to check your lifetime allowance

Complete this page and page 4.

1. Benefits taken since 6 April 2006.

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

or Tick
if none

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

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).

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 other benefits since 6 April 2006 (see question 1) and when you took them. Use either 2(a) or 2(b), below.

or Tick
if none

2 (a) If you have not taken any other 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:

Total yearly gross income
at the date of taking the
new Canada Life benefits. £ x 25
= £
SLA in the current tax
year of taking the new
Canada Life benefits. £ ÷ x 100
See SLA list below. **2(a) Total % =** %

Example (i): Your pre-6/4/06 income at the date you are taking the Canada Life benefits is £8,585 a year before tax. In the tax year of taking the new benefits the SLA is £1,073,100.

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

2 (b) If you have taken other 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 1 above? 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:

Total yearly gross income
at earliest date in 1 £ x 25
= £
SLA in tax year of the
earliest date in 1. £ ÷ x 100
See SLA list below. **2(b) Total % =** %

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.

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

List of standard lifetime allowances (SLA)

Tax year	SLA	Tax year	SLA
06/04/06 – 05/04/07	£1,500,000	06/04/13 – 05/04/14	£1,500,000
06/04/07 – 05/04/08	£1,600,000	06/04/14 – 05/04/15	£1,250,000
06/04/08 – 05/04/09	£1,650,000	06/04/15 – 05/04/16	£1,250,000
06/04/09 – 05/04/10	£1,750,000	06/04/16 – 05/04/17	£1,000,000
06/04/10 – 05/04/11	£1,800,000	06/04/17 – 05/04/18	£1,000,000
06/04/11 – 05/04/12	£1,800,000	06/04/18 – 05/04/19	£1,030,000
06/04/12 – 05/04/13	£1,500,000	06/04/19 – 05/04/20	£1,055,000
		06/04/20 – 05/04/24 (see Note below)	£1,073,100

Note: The SLA has been frozen at £1,073,100 since tax year 2020/2021. This could change under future legislation, but is correct at the time of sending this form to you.

continued on the next page

3. Other benefits you are taking now

Insert the percentage(s) of the standard lifetime allowance you will use up now with other schemes/providers (not with Canada Life). You can obtain this from each scheme/provider paying the other benefits.

or Tick
if none

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

4. Benefits you are taking now with Canada Life

Insert the percentage(s) of the standard lifetime allowance you will use up now with Canada Life. This will be shown in your personal example, or in the information sent with the application form.

Canada Life policy/plan number or personal example reference	Percentage of SLA
	%
	%
	%
	%
4. Total %	%

Final steps

Add up all the percentages in the 'Total %' boxes in 1, 2(a) or 2(b), 3 and 4, to get the overall % of the standard lifetime allowance you have used.

Total of 1, 2(a) or 2(b), 3 & 4 %

Tick the box that applies to you and follow the prompts

- If the total is under 95%**
- Please complete and return your application form. Do not return this calculation form.
 - If you are taking regular UFPLS withdrawals, the percentage you should enter in the UFPLS section of your application form is the total of boxes 1, 2(a) or 2(b) & 3 only.
- If the total is between 95% and 100%**
- Please return your completed application form with **this calculation form** showing your results.
- If the total is over 100%**
- There will be an excess.
 - Please complete and return **our Lifetime allowance information and excess instruction form** (reference CL01574) with your completed application form. Call **0345 6060708** for a form or download it from **www.canadalife.co.uk**

Signed

Date

Name - Print

