

PENSION – LIFETIME ALLOWANCE CHANGE

We write to advise you that from 6 April 2012 the lifetime allowance for pension savings will reduce to £1.5m from the current level of £1.8m. The lifetime allowance is the maximum amount of pension and or lump sum that you can get from your pension schemes that benefit from tax relief.

After 6 April 2012 if your total pension savings exceeds the £1.5m and you have not claimed fixed protection for pension savings, lump sum withdrawals in excess of the lifetime limit will be taxed at 55% and income payments will be taxed at 25% and then subject to income tax at a rate of 20%, 40% or 50%, which ever is appropriate.

If you have pension savings that you consider are currently valued at around £1.5m, or are likely to exceed this, then it may be to your advantage to register for protection of the existing lifetime allowance. We are able to complete the HM Revenue and Customs application for the fixed protection of your lifetime savings this must however be filed with the Revenue on or before 5 April 2012.

We may have details of personal pension contributions made by yourself but we will not necessarily hold all details of pension contributions made by current or former employers or contributions to schemes to which you have not made any contributions in recent years.

We therefore recommend that you contact your pension adviser or consider contacting your various pension scheme administrators so that they may give you an indication of your current level of pension savings. If this is likely to affect you, and if you do require any assistance, then please contact us.

Stewart & Co
12 March 2012