

QB-7 I have received a letter telling me about my additional pension, which also tells me that I have used up additional Lifetime Allowance. What does this mean and what do I now have to do now?

The additional pension the Trustee has recently secured with Legal & General was assessed against your available Lifetime Allowance (LTA) as at 1 November 2018, which was the date your first tranche of benefits was assessed against the LTA. The amount of LTA that you used up at that time has, therefore, now increased as a result of your additional pension.

If you have put any other pension benefits into payment or received a larger than permitted increase to an existing pension since 1 November 2018 (other than your state pension which can be ignored) then information that you gave to the providers of these pensions is now out of date and you need to inform them about the additional LTA contained in your letter.

This may result in you becoming liable to a tax charge (or an increase to an existing tax charge) on these other pension benefits that have come into payment since 1 November 2018.

If, since 1 November 2018, you have started to receive any other pension benefits (or you have triggered a Benefit Crystallisation Event (BCE)* for some other reason), you will need to consider whether you need to contact those other arrangements to let them know about the recalculated additional percentage LTA that has now been notified to you. This is particularly important if you believe you may have now exceeded or are close to 100% LTA usage.

- The additional LTA used up by your additional pension as at 1 November 2018 was in your **Benefit Summary** provided to you in our letter dated 16 June 2021
- Therefore, your recalculated LTA usage as at 1 November 2018 will be the total of:
 - the original Lifetime Allowance usage previously communicated to you in 2018, and
 - this additional percentage described above

Where an additional LTA charge becomes payable as a result of this additional pension, this will need to be communicated to HMRC.

Please see the guide below and follow the steps to check if you need to do anything around this.

**A BCE is an event which means that the value of your benefits arising need to be tested against the Lifetime Allowance you have available. Each time a BCE happens this uses up some of your Lifetime Allowance. A BCE could be, for example, when:*

- *You start to take a pension and/or receive a lump sum or additional pension comes into payment.*
- *You designate any defined contribution funds as available under a 'flexi-access drawdown' arrangement.*
- *You transfer pension benefits from the UK to a 'qualifying recognised overseas pension scheme'.*
- *A pension you are already receiving is increased at a rate beyond the legally permitted margin.*

Each time a BCE occurs, you should have been provided with a statement showing the percentage of Lifetime Allowance you used up by the BCE.

Step 1:

Do you have any other pension arrangements other than the Nortel Pension Plan, State Pension or any dependant's pensions*?

NO

You do **not** need to do anything

YES

Since 1 November 2018, have you:

- Started to take a pension and/or a lump sum or additional pension has come into payment?
- Designated any defined contribution funds as available under a 'flexi-access drawdown' arrangement?
- Transferred pension benefits from the UK to a 'qualifying recognised overseas pension scheme'?
- Seen an increase to a pension already in payment that was at a rate beyond the legally permitted margin?
- Triggered a BCE for some other reason?

YES

Please continue to Step 2

NO

You do **not** need to do anything

**A dependant's pension is any pension you may be receiving following the death of your husband, wife, civil partner or as a dependant.*

Step 2:

At 1 November 2018

Had you already used up 100% of your Lifetime Allowance as at 1 November 2018, when the Plan insured your current pension with Legal & General?

YES

You do **not** need to do anything

NO

Please continue to Step 3

Step 3:

You need to contact your other pension arrangements where you have either started to receive any pension benefits from other arrangements (or you have triggered a BCE for some other reason) after 1 November 2018.

The additional Lifetime Allowance used up (by your additional pension) at 1 November 2018 was in your **Benefit Summary** provided to you in our letter dated 16 June 2021 - you will need to let these other arrangements know this.

This is because, your additional pension has used up an additional percentage of your Lifetime Allowance at 1 November 2018, which means that you will have to consider the tax effects of this recalculated Lifetime Allowance usage on any pension benefits which have come into payment from other arrangements since that date.

We have provided some template wording for you below; you will need to complete the following information before sending to your other arrangements:

1. [Original]% is the original Lifetime Allowance usage previously communicated to you in 2018
2. [Additional]% is the additional Lifetime Allowance used up by your additional pension, in your **Benefit Summary** provided to you in our letter dated 16 June 2021
3. [Total]% is the your [Original]% plus your [Additional]%

Dear Sir/Madam,

I am writing to you regarding my Lifetime Allowance usage as I am now in receipt of additional pension which has resulted in a recalculation of my Lifetime Allowance usage at 1 November 2018.

Previously my Lifetime Allowance usage as at 1 November 2018 was [Original]%. This has now been recalculated to [Total]% (i.e. increased by [Additional]%).

Please could you update your records and determine whether this will affect the benefits I am currently in receipt of from yourselves and whether I need to pay a tax charge?

Kind Regards,