

## Completing the previous pension benefits declaration form

These notes will help you complete the previous pension benefits declaration form.

### Lump sum allowances

Two lump sum allowances were introduced from 6 April 2024. If the total of all lump sums you take from UK pensions is more than one of these allowances, you will have to pay extra tax. Tax on any excess is charged at your marginal rate.

Most members will not be affected because the maximum lump sum they can take is much lower than the allowances. If you have built up a large pension in the LGPS or a different scheme, the new allowances may affect you.

You can find more information about the lump sum allowances at <https://www.lgpsmember.org/your-pension/the-essentials/tax>.

### Pension terms explained

#### Dependents pension

This is a pension paid to you, as a dependent, when a pension scheme member dies eg when your partner or spouse dies. You do not need to tell us about these pensions on the declaration form.

## Section 2

#### Transitional tax-free amount certificate (TTFAC)

If you took payment of a pension or lump sum before 6 April 2024, these payments will have used up part of your lump sum allowances. Under HMRC rules, we must assume that you took the maximum lump sum allowed.

If you took less than the maximum lump sum allowed, you can get a transitional tax-free amount certificate. The certificate sets out the total lump sums you have received. We will then use these amounts to calculate how much of the lump sum allowances you have used, rather than assuming you have taken the maximum amount. For most members, a TTFAC will have no effect on the lump sum they can take from the LGPS. The allowances will generally only affect members who have built up very large pensions.

If you hold a TTFAC, you do not need to tell us about pensions or lump sums taken before 6 April 2024. You must send the TTFAC with your declaration form.

If you are thinking about applying for a transitional tax-free amount certificate, you may wish to seek specialist independent financial advice. Some members could be worse off if they apply than they would be without a certificate.

You must apply for a certificate before you take a pension lump sum after 6 April 2024. Please contact Staffordshire Pension Fund if you would like more information about the application process in the LGPS.

## Section 3 – Previous pension benefits

### Lifetime allowance % (LTA)

Before 6 April 2024, the lifetime allowance limited the total amount of pension benefits a person could have before they paid extra tax. The lifetime allowance has now been replaced by the new lump sum allowances.

If you took payment of pension benefits before 6 April 2024, you will have used up LTA. Unless you hold a TTFAC, you should tell us the percentage of LTA you have used for any pensions and lump sums taken between 6 April 2006 and 5 April 2024. The pension scheme that pays/paid these benefits to you will have notified you of this. If you do not have this information, tell us the amount of yearly pension at the date it was first paid and any tax-free lump sum paid.

If you took an UFPLS before 6 April 2024, tell us the LTA% used or the whole UFPLS amount i.e. the taxable and tax-free amounts paid. If you took an UFPLS from 6 April 2024, we only need to know about the tax-free amount. Enter this in the 'Lump sums paid from 6 April 2024' table.

## Section 4 – Other lump sums and transfers

You do not need to complete this section if you hold a TTFAC.

### Serious ill health lump sum

A lump sum paid where your life expectancy is expected to be less than one year.

### Stand-alone lump sum

A special type of lump sum paid to individuals who, on 5 April 2006, had the right to have all their pension scheme benefits paid as a tax-free lump sum. These are not common and are not payable from the LGPS.

## Section 6 – Lifetime allowance (LTA) protections and enhancements

### LTA protections

The Government reduced the lifetime allowance three times after it came into force in 2006. Each time it reduced, those people who had already built-up large pensions could apply for protection from the reduction. If you have an LTA protection, your lump sum allowances could be higher than the standard limits.

It is no longer possible to apply for lifetime allowance protections unless you have benefits in a public service pension scheme that could be affected by the McCloud remedy. If this applies, you can still to [apply to HMRC for Fixed or Individual Protection 2016](https://www.staffspf.org.uk/Members/Active-Members/McCloud-Case.aspx) until 5 April 2027. See the dedicated page on our website for information about the McCloud remedy: <https://www.staffspf.org.uk/Members/Active-Members/McCloud-Case.aspx>

## **LTA enhancements**

You may have applied for these if you transferred a pension to the UK from overseas or you were awarded a pension credit as part of a divorce/dissolution of a civil partnership.

## **Section 7 – Declaration**

If you are taking a tax-free lump sum with the intention of significantly increasing contributions to another pension scheme, you must inform us as tax charges may apply. This is called pension recycling. See HMRC's website for information:

<https://www.gov.uk/hmrc-internal-manuals/pensions-tax-manual/ptm133810>