

Lifetime allowance calculation form

Classification of benefit type and pension value calculation

BENEFITS YOU STARTED TO RECEIVE BEFORE 6 APRIL 2006 ARE VALUED AS FOLLOWS:

Type of benefit	How to value
<ul style="list-style-type: none"> Pensions and annuities Income drawdown 	<ul style="list-style-type: none"> Multiply the current gross annual pension by 25 Multiply the current maximum annual income by 25

BENEFITS YOU STARTED TO RECEIVE ON OR AFTER 6 APRIL 2006 ARE VALUED AS FOLLOWS:

Type of benefit	How to value
This includes <ul style="list-style-type: none"> Tax-free cash Pensions and annuities Income drawdown Also includes any transfer to a Qualifying Recognised Overseas Pension Scheme (QROPS) you may have made since 6 April 2006 	<ol style="list-style-type: none"> Take the percentage of Lifetime Allowance shown on the Lifetime (LTA) Certificate or statement your pension provider gave you Convert back into monetary amount of the current Lifetime Allowance. (This may be different to when you took out the benefit.)

BENEFITS IN OTHER PLANS YOU ARE GOING TO TAKE AT OR AROUND THE SAME TIME:

Type of benefit	How to value
Tax-free lump sum <ul style="list-style-type: none"> From defined pension arrangement From a pension or drawdown from a money purchase scheme 	The amount of lump sum <ul style="list-style-type: none"> Multiply the current gross annual pension by 20 The purchase price of the annuity or the value of the funds going into drawdown

Worked example (tax year ended 5 April 2023)

PRIVATE (NON-STATE) PENSION ALREADY IN PAYMENT AT 6 APRIL 2006

Scheme name	Yearly pension in payment	Calculation	Pension benefit value
ABC Pension Scheme	£240 (A)	$A \times 25$	£6,000 (B)

PRIVATE (NON-STATE) PENSION TAKEN ON OR AFTER 6 APRIL 2006

Scheme name	% Lifetime Allowance	Calculation	Pension benefit value
DEF Pension Scheme	10% (C)	$C \times \text{£}1,073,100$	£107,310 (D)

PRIVATE (NON-STATE) FINAL SALARY (DEFINED BENEFIT) PENSION WHICH IS ABOUT TO BE TAKEN

Scheme name	Estimated yearly pension	Calculation	Pension benefit value
XYZ Pension Scheme	£150 (E)	$E \times 20$	£3,000 (F)

Scheme name	Current pension value	Pension benefit value
Insurer Personal Pension Plan	£1,500 (G)	£1,500 (G)

TOTAL OF ALL PENSION BENEFITS

Scheme name	Estimated yearly pension
Total B	£6,000
Total D	£107,310
Total F	£3,000
Total G	£1,500
Total	£117,810

PERCENTAGE LIFETIME ALLOWANCE USED

Calculation	Percentage LTA
$\frac{\text{£}117,810 \text{ (all pension benefits)}}{\text{£}1,073,100 \text{ (Lifetime Allowance)}} \times 100$	= 10.97%