

Lifetime allowance (LTA)

This was introduced on 6th April 2006 and placed a capital value on all pension arrangements, unless the individual applied for protection.

Tax year	Standard LTA
2019-20	£1,055,000
2018-19	£1,030,000
2017/18	£1 million
2016/17	£1 million
2015/16	£1.25 million

The current LTA is set to increase by CPI.

When the LTA changed, there was an option to apply for protection depending on the value of the benefits and individual circumstances but the options were;

- Enhanced protection Available from 6th April 2006 until 31st March 2009
It protected the entire value without restriction though the tax-free element could be restricted depending on individual circumstances.
- Primary protection Available from 6th April 2006 until 31st March 2009
It provided protection on the capital value of benefits on the 5th April 2006. This was expressed as a percentage of the benefits relative to the LTA. The LTA applying to this protection is £1.8 million.
- Fixed Protection 2012 This protected the value up to £1.8 million but required you to leave active membership to ensure it was retained.
It was acceptable to remain an active member of the NHS scheme but if in any tax year benefits exceeded CPI the protection would be lost.
- Fixed Protection 2014 This protected the value up to £1.5 million but required you to leave active membership to ensure it was retained.
It was acceptable to remain an active member of the NHS scheme but if in any tax year benefits exceeded CPI the protection would be lost.
- Individual Protection 2014 This protected the actual capital value of benefits as of 5th April 2014. The value had to be more than £1.25 million but less than £1,500,000. You could continue as active member and fund a pension scheme.

Fixed Protection 2016 and Individual Protection 2016 are available for those wishing to apply who are eligible to do so. To benefit from the protection, it needs to be in place before any benefits are accessed.