

## Lifetime allowance (LTA)

The current LTA was set to zero in the 2023-24 tax year and fully abolished in the 2024-25 tax year.

This has been replaced by a cap on the lump sum allowance (LSA) which is 25% of the fund value subject to it being the lesser of the fund value of £268,275 (25% of £1,073,100).

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

Enhanced protection Available from 6<sup>th</sup> April 2006 until 31<sup>st</sup> March 2009

Primary protection Available from 6<sup>th</sup> April 2006 until 31<sup>st</sup> March 2009  
It provided protection on the capital value of benefits on the 5<sup>th</sup> 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.

Fixed Protection 2014 This protected the value up to £1.5 million but required you to leave active membership to ensure it was retained.

Individual Protection 2014 This protected the actual capital value of benefits as of 5<sup>th</sup> 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 or who are eligible to do so. To benefit from the protection, it needs to be in place before any benefits are accessed and **the deadline for applying is 5<sup>th</sup> April 2025**.

In respect of Fixed Protection this can only be claimed where an individual has not contributed toward a private pension or a workplace pension arrangement. If they are a member of defined benefit scheme such as the NHS or USS, they may be able to apply but only if the benefits under the scheme increase by less than inflation as measured by CPI.

This is a complicated area made all the more so where protection is held, and so advice is fundamental to ensuring that the rules are adhered to and you maximise the pension benefits.