

# 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"> <li>Pensions and annuities</li> <li>Income drawdown</li> </ul>	<ul style="list-style-type: none"> <li>Multiply the current gross annual pension by 25</li> <li>Multiply the current maximum annual income by 25</li> </ul>

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

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

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

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

### Worked example

#### 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 x 25	£6,000 (B)

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

Scheme name	% Lifetime Allowance	Calculation	Pension benefit value
DEF Pension Scheme	10% (C)	C x £1,030,000 (current Lifetime Allowance)	£100,000 (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 x 20	£3,000 (F)

#### PRIVATE (NON-SCHEME) MONEY PURCHASE PENSION WHERE BENEFITS ARE ABOUT TO BE TAKEN

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

#### TOTAL OF ALL PENSION BENEFITS

Pension benefits	Calculation
Total B	£6,000
Total D	£100,000
Total F	£3,000
Total G	£1,500
<b>Total</b>	<b>£110,500</b>

#### PERCENTAGE LIFETIME ALLOWANCE USED

Calculation	Percentage LTA
$\frac{\text{£110,500 (all pension benefits)}}{\text{Lifetime Allowance}} \times 100 = \%$	

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