

Details for protecting pre 6 April 2006 Tax-Free Cash Entitlement

Please use black ink and write in CAPITAL LETTERS or tick ☒ as appropriate. Any corrections must be initialled. Please do not use correction fluid as this will invalidate your checklist.

About this form

From 6 April 2006, the maximum tax-free cash retirement benefit is 25% of the value of the total retirement benefit unless the member is eligible for **protected tax-free cash benefit**. Protected tax-free cash can only apply if certain information, explained in this form, is provided. **The trustees are responsible for calculating the maximum tax-free cash entitlement (although Prudential will do this on their behalf).** If you decide not to give us any more information, tax-free cash benefit will be "25% of the fund value" – which may be less than the full protected tax-free cash allowance.

Trustees should complete sections A – C and G of this form. The member should then complete sections D – F, to provide all the information needed to calculate the maximum tax-free cash entitlement.

The trustees should then arrange for the completed form to be returned to:
Prudential, Lancing BN15 8GB.

Please note it is a serious offence to give false information. This may lead to extra tax charges and/or prosecution.

Section A – Scheme details

Scheme/Plan Name

Scheme/Plan Number

Section B – Member details

Member's Name

Member's National Insurance Number

 – – –

Marital Status

Single ☐ Married ☐ Civil Partner ☐

Exact date of joining service of the Employer operating the Scheme in section A

D	D	M	M	Y	Y	Y	Y
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If the member is no longer working for the Employer operating the Scheme in section A, date when the member left that employment

D	D	M	M	Y	Y	Y	Y
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* a director owning/controlling 20% or more of the ordinary share capital of the employer or any employer connected with the Scheme mentioned in section A.

If the member has changed working hours more than once, please give the same details, about all periods where different working patterns applied, on a separate sheet.

** self employed as a partner or because of a break in employment

Section B – Member details (continued)

Has the Member been a Controlling Director* in the 10 years before 5 April 2006, or the 10 years before leaving service (if left before 6 April 2006)?

Yes ☐ No ☐

Has any service with the Employer been:

a) on a part-time basis?

Yes ☐ No ☐

Tick **No** if all service has been on a full time basis, or if the member has never changed his/her working hours. Otherwise tick **Yes** and give details of proportion of full-time hours worked and dates.

i) period from

D	D	M	M	Y	Y	Y	Y
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 to

D	D	M	M	Y	Y	Y	Y
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ii) average number of hours worked per week

iii) full time equivalent hours

b) unpaid service

D	D	M	M	Y	Y	Y	Y
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 to

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

c) not on an employed basis**

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

 to

D	D	M	M	Y	Y	Y	Y
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Section C – Earnings (Final Remuneration)

The scheme trustees must verify the member's final remuneration to be used to calculate protected tax-free cash benefit.

What is the member's "Final Remuneration" at 5 April 2006 calculated as per the pre-6 April 2006 rules?

£

Notes: You can give us a single figure. This is what we anticipate, based on past experience when earnings figures were needed for the old "maximum benefit calculations". However, if you believe that the maximum Final Remuneration under the old rules – "highest in the last 5 years" or the "3 year average" – would be higher than this single earnings figure in the last year, more detailed calculations may be needed.

The "highest in the last 5 years" or the "3 year average" are explained below:

- **Highest in the last 5 years**

Basic pay for any one of last five years before 6 April 2006 (or earlier leaving date), plus the average over 3 or more consecutive years (ending with the chosen "basic pay year") of any variable elements such as commission, bonus and taxable benefits in kind.

- **3 year average**

The average of total pay for any 3 or more consecutive years ending not more than 10 years before 6 April 2006 (or earlier leaving date). This basis must be used for Controlling Directors*, for leavers from 6 April 1987 to 5 April 2005 with earnings over £100,000 or for anyone else with earnings over £105,600 since 6 April 2005.

Pay from earlier years may also be increased by changes in the Retail Prices Increase from the last day of each earlier year until 5 April 2006 (or to the date of leaving, if earlier).

If you would like Prudential to calculate the member's Final Remuneration for you, you will need to give a schedule of salary information for the years that can be included in the calculation. There is a table on the back page of this form that you can use to collate all the salary information.

The member should complete sections D, E and F.

Section D – Other pension arrangements with the employer operating the scheme in Section A

Do you have any other pension arrangements with this employer?

Yes

☐

No

☐

If you answered **No**, you can ignore this section: go straight to section E.

If you answered **Yes**, and you have other benefits from another occupational scheme from the employer, or an associated employer, operating the scheme in Section A, please complete the rest of this section. For this purpose, you should include benefits that you transferred from previous employers' schemes into other schemes operated by employers involved in the scheme mentioned in Section A.

If you are a member of more than one other scheme operated from this employer, please give the same details for each scheme on a separate sheet of paper (or ask for separate forms to cover each one).

Scheme Name

Normal Pension Age

Scheme type and benefit details:

- if the scheme is a money purchase scheme, you should complete Part 1
- if the scheme is a defined benefit scheme (sometimes called a final salary scheme), you should complete Part 2
- if you have already received benefit from the scheme, you should complete PART 3.

Please show **nil** where any benefit is not provided.

Part 1: Money Purchase Schemes Only –

(including additional voluntary contributions (AVC), Free Standing AVC and “S32” buy-out contracts from the employer’s previous schemes)

What is the value of your benefits as at 5 April 2006?

£

Maximum tax-free cash benefit entitlement as at 5 April 2006

£

Part 2: Defined Benefit Schemes

Your prospective pension calculated on 5 April 2006

£

Prospective amount of tax free cash benefit calculated at 5 April 2006

£

Will you have to give up some of your prospective pension to get the tax free cash?

Yes

☐

No

☐

If your tax-free cash is calculated separately, you should tick **No**.

Part 3: Benefits Already Paid

If you are already getting a pension, what is the **yearly** rate of your pension on 5 April 2006,

£

and

the amount of tax-free cash benefit that you took when you started your pension.

£

* shown on the P60 form for the 2004/05 tax year from the employer operating the scheme in section A, ratioed up to give a full year equivalent where these earnings covered only part of a tax year.

** shown on the P60 form from the employer operating the scheme in section A.

“Pre 87 Budget rules” apply, broadly, for someone who joined the scheme before March 1987 (ask your scheme trustees/administrator if you have any doubt about whether or not you can qualify for this simplified approach).

Section E – Other benefits

Pension arrangements from before joining the scheme in section A

If you don't have any other pension arrangements, go straight to section F.

Even if you have other benefits, you may not need to give any information about these benefits because Government rules allow a simplified approach: other benefits from previous schemes can be ignored for many people in the calculations for their “protected tax-free cash benefit”.

Did you earn less than £50,000* from 6 April 2004 to 5 April 2005?

Yes ☐ No ☐

or

If you left the scheme before 6 April 2004, were your earnings** in the last full tax year before you left, less than £25,000?

Yes ☐ No ☐

If you answered **Yes**, to either of the last two questions, you can ignore the rest of this section: **go straight to section F**.

If you answered **No** to either of the last two questions:

Are your benefits calculated using the “Pre 87 Budget rules”?

Yes ☐ No ☐

If you answered **No**, and you have other benefits, please complete the table on the next page, **but ignore column 2**.

If you answered **Yes**, and you have other benefits, please complete the table on the next page, **but ignore column 1**.

If you have benefits from any of the following from before the time that you joined the Scheme in section A, you should give the details:

- another occupational scheme from a previous employer
- a personal pension scheme, or
- a self-employed retirement annuity, or
- a Section 32 “buy out” contract.

Note – This excludes:

- a) arrangements where details have already been given in section D
- b) benefits which have already been transferred into this Scheme.
- c) arrangements where the only benefit received was a refund of member contributions
- d) benefits in respect of concurrent earnings from separate employment
- e) former **“rebate-only”** membership of a personal pension scheme/stakeholder scheme taken out in conjunction with pensionable employment
- f) benefits earned from personal pension/stakeholder scheme(s) while a member of an occupational pension scheme (in terms of the “concurrency regulations” that applied until 5 April 2006)

Section E – Other benefits (continued)

Pension arrangements from before joining the scheme in section A

If you have any pensions in payment, please confirm your yearly rate of pension at 5 April 2006, and the amount of tax-free cash that you received when the pension started – in Column 1 show “pension amount and cash sum”.

Scheme name	Service to which benefits relate		Column 1	Column 2 (pre 87 Budget only)
	From	To	Value* as at 5 April 2006 £	Tax-free cash entitlement at 5 April 2006 £
	(Day/Month/Year)			

* If the scheme/ provider has not already given you a value as at 5 April 2006, you will have to ask them to confirm the figure as soon as possible so that your maximum protected tax-free cash figure can be verified.

Section F – Member's declaration

How we use your personal information

For a copy of our latest Data Protection Notice, please visit www.pru.co.uk/mydata-cp. This details how and why we use your personal information (including any sensitive personal information), who we may share it with and your rights around your personal information. Alternatively, you can request a copy to be sent to you by writing to The Data Protection Officer, Customer Service Centre, Lancing BN15 8GB.

Please note that we collect personal information from you that is necessary for us to either provide you with the product or service you've requested or to comply with statutory or contractual requirements. Unfortunately if you don't provide all of the information we require this may mean we are unable to provide our products and services to you.

I declare that, to the best of my knowledge and belief, the information in this form is true.

Member's Signature

Date

D	D	M	M	Y	Y	Y	Y
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We will ring only if we need to get clarification of any details given in this form.

Member's Daytime Telephone Number (including area code)

Section G – Trustees' declaration

Please give the name and contact number for someone authorised to discuss details in this form on behalf of the scheme trustees. We will ring only if we need to get clarification of any details given in this form.

I/We declare that, to the best of my/our knowledge and belief, the information in this form is true.

Signed for and on behalf of the Trustee of the scheme
(in section A of this form)

Date

D	D	M	M	Y	Y	Y	Y
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Please print your name and give your title

Daytime Telephone Number (including area code)

Schedule of salary information

If you would like Prudential to calculate the Final Remuneration figure, please complete the table below. Only taxable earnings from the Employer operating the scheme in section A of this form should be included.

Tax Year ending (day/month/year)	Basic salary	Fluctuating emoluments/ benefits in kind	Total earnings
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£
/ /	£	£	£

Additional information

Please give any additional information that you think may be relevant for the calculation of the pre 6 April 2006 tax-free cash entitlement.

Important information about tax-free limits

From 6 April 2024, the Lifetime Allowance (LTA) was replaced with two new allowances: the Lump Sum Allowance (LSA) and Lump Sum and Death Benefit Allowance (LSDBA).

We're in the process of updating all of our correspondence to reflect this change, but you may receive some communications from 6 April onwards that still reference LTA rather than the new LSA/LSDBA.

How did the Lifetime Allowance (LTA) work?

The LTA was introduced in April 2006 and was a limit on the amount of pension benefits that can be taken from pension schemes without triggering an additional tax charge. The standard LTA had been set at £1,073,100 since April 2020. Benefits taken, either as a lump sum or pension, in excess of this allowance had an additional tax charge applied. This tax charge could be 25% or 55% depending on how benefits were taken.

In the 2023/24 tax year this additional tax charge was replaced with marginal rate tax. The maximum amount that could be taken tax-free was usually 25% of the fund or 25% of the LTA if lower.

How do the new allowances work?

From 6 April 2024, only benefits taken as a lump sum (including regular withdrawals where there's a tax-free element) are tested against the new allowances.

- **The Lump Sum Allowance (LSA)**

This limit applies to the total amount of tax-free lump sums including the tax-free element of any Uncrystallised Funds Pension Lump Sums (UFPLS).

- **The Lump Sum and Death Benefit Allowance (LSDBA)**

This is a limit on the amount of lump sum death benefits and serious ill health lump sums that can be paid without tax.

If either limit is exceeded, the excess is taxed just like any other pension income received.

Tax-free cash is normally 25% of the fund being taken, but there's a cap of the lower of the two new allowances.

What are the new allowances?

Lump Sum Allowance (LSA)	Lump Sum and Death Benefit Allowance (LSDBA)
£268,275	£1,073,100

If you protected your LTA, you'll have a higher allowance based on your protected amount.

What does this mean for you?

If you haven't previously taken any benefits – and the total value of all your pension benefits from all your schemes won't exceed £1,073,100 – then the amount of tax-free benefits you receive will be broadly the same under the new rules. However, the way in which the limits are described will be different.

If we've been telling you the amount of LTA you've used in our pension scheme and other schemes, we'll now tell you the amount of the new allowances used instead.

Instead of telling us if you've used LTA in another pension scheme, you now need to tell us about any tax-free lump sums you've taken from other schemes.

What if you've already used LTA?

In accordance with HMRC guidelines, we'll assume that 25% of your LTA used was taken as a tax-free lump sum and this will reduce your LSA and LSDBA limits. For example, if someone has used up 20% of their LTA, the LSA will be calculated as follows:

$20\% \times £1,073,100 / 4 = £53,655$. This figure would need to be deducted from the LSA, therefore the LSA would start at £214,620 (£268,275 – £53,655).

The same applies for the LSDBA but in addition the payment of any serious ill health lump sums must also be included.

What if your actual tax-free amount was less than the default amount of 25%?

If the tax-free amount you've taken is less than the standard default amount (as mentioned above), you may be entitled to apply for a transitional tax-free amount certificate. If you receive one of these, your LSA and LSDBA will be reduced by the actual tax-free amount paid to you, rather than the default amount.

If you think you're eligible for this and your benefits may be over the default allowances, it's important you apply for this prior to the first time you take a lump sum benefit after 6 April 2024.

Are there any other changes?

Yes. If you were eligible for a higher LTA, but have not yet applied for this, there's now a deadline of 5 April 2025 for applications to be made.

There's also another new allowance – the Overseas Transfer Allowance (OTA) – that applies if you want to transfer your pension to an overseas scheme. This allowance is also £1,073,100 and any amount in excess of this, is subject to the overseas transfers charge at 25%.

If you think you may be affected by any of the above changes, we recommend you speak to a financial adviser. If you don't have a current financial adviser you can find one at unbiased.co.uk.

Further details on the new allowances can be found on pru.co.uk/tax.

pru.co.uk

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