



Pensions Update - 2024

Pension allowances introduced from 6 April 2024.

Before 6 April 2024 the Lifetime Allowance (LTA) was the total value of pension benefits you could build up throughout your lifetime and generally receive up to 25% tax-free. This was £1,073,100 for most people. From 6 April 2024, the LTA was removed, although it doesn't mean there aren't any limits on the amount of pension savings people can take tax-free. It's been replaced by new allowances. These are:

- **Lump Sum Allowance (LSA)** limits the total tax-free lump sum that can be paid from all the pensions you have. The limit has been set at £268,275 unless you have been granted a form of protection by HMRC.
- A **Lump Sum Death Benefit Allowance (LSDBA)** limits the tax-free lump sum that can be paid from all pensions you have when you die. This limit has been set at £1,073,100 unless you have been granted a form of protection by HMRC.
- An **Overseas Transfer Allowance (OTA)** limits the maximum tax-free amount that can be transferred out of the UK. This limit has been set at £1,073,100 for anyone without a form of HMRC protection.

For those:

- With HMRC protection each of the above allowances will be adjusted so that it matches the value of the benefits allowed before the LTA was removed.
- Who have a protected tax-free cash sum, this will also be considered when your personal allowances are calculated.
- Anyone who has already crystallised* some pension benefits before 6 April 2024 the value of certain lump sums will be deducted from your personal allowances, so you know what's left. Generally, we'll treat you as if you've already taken 25% of your pension benefit in any allowance calculations.

So, what does this mean for me?

For most pension savers this new regime will have little, if any, impact on how you take pension benefits and any tax payable. The new law is focused on lump sum checks. Benefit options are the same. For those with HMRC protection there may be some impact and where this applies, we would recommend you speak to your financial adviser.

**A pension crystallises when you get access to your pension savings. This can be via drawdown, buying an annuity and/or taking a cash lump sum.*

Pension options – annuities

From 31 December 2024 we will no longer offer annuities with Countrywide Assured when you choose to take your pension benefits. Of course, buying an annuity via another provider remains one of your pension options and, in much the same way as you do with utilities, it's always best to shop around to get a better deal.

Why is this happening?

We've made the decision to discontinue offering annuities with Countrywide Assured as we are not competitive in the annuity market and if you choose to buy an annuity when you take your benefits you will always get a better deal elsewhere by shopping around.

National Insurance Number look up service.

HMRC has recently launched the [find my National Insurance number service](#). Here you can view your National Insurance (NI) number immediately and you can either download a digital version of the confirmation letter or store it in your Google or Apple wallet. This can save time. It can take up to 15 days to receive the NI number confirmation letter in the post.

Paying Voluntary NI contributions - A new digital service

This new government service makes it easier for you to check for and fill any gaps in your National Insurance (NI) record to help maximise your State Pension.

It's called [Check your State Pension forecast](#) and shows you how much your State Pension could increase by, and details of the voluntary NI contributions you would need to pay to achieve this. It allows most under State Pension age to view gaps in NI records and pay voluntary contributions to fill those gaps if it will be of benefit. More information about voluntary contributions can be found at [gov.uk](#). Before taking action it's important to remember that paying voluntary NI contributions will not always increase your State Pension and you should first check if you can get NI credits before paying voluntary NI contributions. You can check if you are eligible for NI credits on [Gov.uk National Insurance credits](#).

If you have any questions about anything you have read here, please complete our [Contact Form](#)

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