



Local Government Pension Scheme

Completing the previous pension benefits declaration form

Mae'r ddogfen yma hefyd ar gael yn Gymraeg / This document is also available in Welsh

These notes will help you complete the previous pension benefits declaration form.

The Government limits the amount of tax-free cash you can take from a registered pension scheme. If you wish to take a lump sum when you take your pension, we need to know about any pension benefits you have taken previously to check you don't go over the lump sum limits. Although most members will not be affected by the limits, we must carry out the checks for everyone.

You do not need to tell us about your State pension or any surviving partner benefits you receive. These are pensions that were built up by your late Husband, Wife or partner and have been paid to you after they died.

Lump sum allowances

Two lump sum allowances were introduced from 6th April 2024. If the total of all lump sums you take from UK pensions is more than one of these allowances, you will have to pay extra tax. Tax on any excess is charged at your marginal rate.

Most members will not be affected because the maximum lump sum they can take is much lower than the allowances. If you have built up a large pension in the Local Government Pension Scheme (LGPS) or a different scheme, the new allowances may affect you.

You can find more information about the lump sum allowances on the national LGPS website:

<https://www.lgpsmember.org/your-pension/the-essentials/tax>

Section 1: Taking a lump sum

Transitional tax-free amount certificate (TTFAC)

If you took payment of a pension or lump sum before 6th April 2024, these payments will have used up part of your lump sum allowances. Under HM Revenue & Customs rules, we must assume that you took the maximum lump sum allowed.

If you took less than the maximum lump sum allowed, you can get a transitional tax-free amount certificate. The certificate sets out the total lump sums you have received. We will then use these amounts to work out how much of the lump sum allowances you have used, rather than assuming you have taken the maximum amount. For most members, a TTFAC will have no effect on the lump sum they can take from the LGPS. The allowances will generally only affect members who have built up very large pensions.

If you hold a TTFAC, you do not need to tell us about pensions or lump sums taken before 6th April 2024. You must send the TTFAC with your declaration form.

If you are thinking about applying for a transitional tax-free amount certificate, you may wish to seek specialist independent financial advice. Some members could be worse off if they apply than they would be without a certificate. The Clwyd Pension Fund is unable to provide any financial advice. These bodies may be able to help you:

Unbiased:

<https://unbiased.co.uk>

MoneyHelper:

<https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser?source=mas>

You must apply for a certificate before you take a pension lump sum after 6th April 2024. Please get in touch if you would like more information about the application process in the LGPS.

Section 2: Other lump sums and transfers

You do not need to complete this section if you hold a TTFAC.

Serious ill health lump sum

A lump sum paid where your life expectancy is expected to be less than one year.

Stand-alone lump sum

A special type of lump sum paid to individuals who, on 5th April 2006, had the right to have all their pension scheme benefits paid as a tax-free lump sum. These are not common and are not payable from the LGPS.

Section 3: Tax-free lump sum being paid on the same day

If you are taking another tax-free lump on the same day, you will need to decide what order you would like to take your benefits in. If this applies, we will contact you for more information.

Section 4: Previous pension benefits

Pension commencement lump sums (PCLS)

These are tax-free lump sums you take when you start taking a pension.

Uncrystallised funds pension lump sums (UFPLS)

This is a type of lump sum paid from a defined contribution scheme. Only tell us about the tax-free part of the lump sum when you are completing the previous pension benefits declaration form.

Lifetime allowance % (LTA)

Before 6th April 2024, the lifetime allowance limited the total amount of pension benefits a person could have before they paid extra tax. The lifetime allowance has now been replaced by the new lump sum allowances.

If you took payment of pension benefits before 6th April 2024, you will have used up LTA. Unless you hold a TTFAC, you should tell us the percentage of LTA you have used for any pensions and lump sums taken between 6th April 2006 and 5th April 2024. The pension scheme that pays/paid these benefits to you will have told you this information. If you do not have this information, tell us the amount of yearly pension at the date it was first paid and any tax-free lump sum paid.

If you took an UFPLS before 6th April 2024, tell us the LTA% used or the whole UFPLS amount which is the taxable and tax-free amounts paid.

If you took an UFPLS from 6th April 2024, we only need to know about the tax-free amount. Enter this in the 'Lump sums paid from 6th April 2024' table.

Section 5: Lifetime allowance (LTA) protections and enhancements

LTA protections

The Government reduced the lifetime allowance three times after it came into force in 2006. Each time it reduced, those people who had already built-up large pensions could apply for protection from the reduction. If you have an LTA protection, your lump sum allowances could be higher than the standard limits.

It is no longer possible to apply for lifetime allowance protections unless you have benefits in a public service pension scheme that could be affected by the McCloud remedy. If this applies, you can still to [apply to HM Revenue & Customs for Fixed or Individual Protection 2016](#) until 5 April 2027. Visit <https://www.lgpsmember.org/mccloud-remedy> for information about the McCloud remedy.

LTA enhancements

You may have applied for these if you transferred a pension to the UK from overseas or you were awarded a pension credit as part of a divorce or dissolution of a civil partnership.

Section 6: Recycling of lump sums

If you are taking a tax-free lump sum with the intention of significantly increasing contributions to another pension scheme, you must inform us as tax charges may apply. This is called pension recycling. See [HM Revenue & Custom's website](#) for information.