



## **FIXED PROTECTION**

### **With effect from 06/04/2012**

*Conditions in order to apply the member must:*

- 1 have one or more arrangements under a registered pension scheme on 06/04/2012
- 2 not have primary protection
- 3 not have enhanced protection
- 4 make application before 06/04/2012 using form APSS227 ([copy attached for reference](#))

#### *Notes*

The fund does not need to be in excess of £1.5 million to apply  
If the standard LTA increases above £1.8 million the higher rate of LTA will apply

The HMRC will then issue a fixed protection certificate

*Fixed protection will be LOST if:*

#### *1 there is benefit accrual*

This is the payment of a contribution for a money purchase scheme

Please note: if a compensation payment is made directly to a money purchase scheme (for example due to poor advice, mis-selling, poor administration or poor performance) this may be treated as a benefit accrual dependent upon the circumstances

#### *2 there is an impermissible transfer (described para 17A Sch 36 Finance Act 2004)*

Essentially this is a conversion of a defined benefit scheme to a money purchase arrangement or the transfer into a money purchase scheme of monies from a source other than another pension arrangement

#### *3 a transfer of sums or assets is made that is not a permitted transfer*

Transfers from a defined benefit scheme to a money purchase scheme are permitted  
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Transfers to comply with a pension sharing order is permitted

Transfers to a defined benefit scheme are not permitted under than in certain circumstances such as wind up or reorganisation of pensions due to transfer of business etc.

#### *4 a new arrangement is made (other than in permitted circumstances)*

A new arrangement set up solely to receive a permitted transfer is permitted

A new arrangement to fulfil compliance (i.e. age equality) is permitted but there are some additional restrictions in this situation



*Please note:*

A member who joins a pension scheme for life assurance only benefits is deemed as having joined a new scheme and will lose fixed protection

Auto-enrolment constitutes a new arrangement and the member will lose fixed protection unless they opt out within the prescribed period of 1 month

A member who takes out a new personal pension and then cancels it under FSA rules will be deemed as having set up a new arrangement and will lose fixed protection

Some group life assurance schemes may be deemed as a money purchase scheme by HMRC. Premiums to such schemes would be deemed contributions and could lead to a loss of fixed protection

These restrictions apply to all schemes of the member. It is the member's responsibility to advise the pension providers if any one of these events has occurred and to report this to HMRC within 90 days of the event. Failure to comply with this requirement could lead to a penalty charge of £300 on the member.

***DEADLINE FOR APPLICATION TO HMRC FOR FIXED PROTECTION IS 05/04/2012***

The responsibility for the application for protection falls on the individual member.

I trust that this Newsletter is of some assistance. If you feel that your Scheme or any of the Members may be affected by these changes you need to contact your Independent Financial Advisor as soon as possible for advice.

**Gill Baynes**  
Director

*Disclaimer*

*The information given within this newsletter is based upon our understanding of legislation. It does not constitute legal advice. This is information and not advice and therefore, we\* cannot accept responsibility for any disadvantage arising from action taken as a consequence of this newsletter.*

*\*\*"we" shall constitute Foden Baynes Associates Limited and Alfa Trustees Limited and York Hadleigh Limited plus and including all subsidiaries, Directors and employees*