

Applications for Fixed Protection

HMRC introduced Fixed Protection for individuals who may be affected by the reduction in the standard lifetime allowance from 6 April 2012

HMRC have advised that there will be no application deadline for the 2016/17 year.

The standard lifetime allowance (LTA) has reduced from £1.25m to £1m from 6 April 2016.

HMRC know that some members may have already built up total pension savings of more than £1.25m and so the member can apply for fixed protection.

Fixed protection is available to any member who does not already hold either primary or enhanced protection. Members do not need to have built up pension rights of more than £1.25m to apply for fixed protection.

HMRC has launched a new online service for pension scheme members who wish to apply for protection from the lifetime allowance tax charge. As outlined in HMRC's '[pension schemes newsletter 80](#)', the online service replaces the previous HMRC processes available to individuals who apply for fixed protection 2016, individual protection 2016, and individual protection 2014.

Further information, and links to the HMRC portal where scheme members can use the LTA online services, are provided in HMRC guidance: '[pension schemes:protect your lifetime allowance](#)':

From 6 April 2016 a member with fixed protection will have their standard LTA 'fixed' at £1.25m, rather than the reduced standard LTA of £1m until such time as the standard LTA equals or exceeds £1.25m.

This means that as long as the capital value of a member's HSC benefits plus any benefits taken earlier are not worth more than £1.25m there is no LTA charge on the pension. Where a member has not previously used all their standard LTA the maximum pension commencement lump sum (PCLS) they can take will be the lower of:

- 25% of the available standard LTA set by fixed protection at £1.25m, or
- 25% of the capital value of pension benefits being paid.

This means that if a member has not previously taken any pension benefits and the capital value of benefits being taken are £1.25m or more their maximum PCLS could be £312.500.

In order to retain fixed protection a member must not break any of the following HMRC conditions after 5 April 2016:

- Cannot pay any contributions to a Defined Contribution arrangement,
- Cannot start a new arrangement,
- Cannot have 'benefit accrual',
- Will be subject to restrictions on when and how they can transfer their benefits.

If a member has fixed protection they must enclose the fixed protection certificate with their retirement application form. They will be required to declare they have checked for benefit accrual (note 2 on the fixed protection certificate) and have not had benefit accrual up to an including the date of retirement. This will enable the HSC Pension Service to calculate the correct percentage of LTA used by the pension benefits.