

Application for a Transitional Tax-free Amount Certificate



Using this form

For background information on what a Transitional Tax-free Amount Certificate (TTFAC) is, and what the certificate will show, please refer to the Notes section at the end of this document.

A member may benefit from a TTFAC if:

- They had a Benefit Crystallisation Event (BCE) where they did not receive a tax-free lump sum (for example, an Age 75 Test or QROPS transfer).
- They have had a Benefit Crystallisation Event (BCE) where they took less than a 25% tax-free lump sum (for example, where they exchanged some of their lump sum rights for an increased pension).
- They have utilised 100% or more of their Lifetime Allowance (LTA) but did not take tax-free lump sums equivalent to this amount.
- They had a Benefit Crystallisation Event (BCE) tested against the standard Lifetime Allowance (LTA) when it was less than £1,073,100.

HMRC have published a tool for members or personal representatives to check if they can apply for a transitional tax-free amount certificate. Please be aware that HMRC's tool will not cover all client scenarios and we strongly recommend you seek financial advice before making an application for a certificate. The link to the service is:

<https://www.tax.service.gov.uk/guidance/Check-if-you-can-apply-for-a-Transitional-tax-free-amount-certificate/start>.

You cannot apply for a TTFAC if:

- You have already been provided with a TTFAC that has not been revoked.
- You are not a member of a James Hay pension scheme, or if the deceased was not a member immediately before death.
- A relevant Benefit Crystallisation Event (rBCE) has taken place on or after 6 April 2024.
- You, or the deceased member, took pension benefits prior to 6 April 2006 and did not take any benefits from 6 April 2006 to 5 April 2024.
- You, or the deceased member, hold valid enhanced protection with lump sum protection over £375,000.

Please note: Section 637S of the Income Tax (Earnings and Pensions) Act 2003 gives the meaning of relevant Benefit Crystallisation Event for this purpose.



Important note: Please read before requesting a certificate

A transitional tax-free certificate should only be applied for where an individual can provide complete evidence that they have received, as of 6 April 2024, a lower amount as tax-free lump sums than that provided for by the standard transitional calculation.

The way legislation is written means a transitional tax-free amount certificate might give a worse outcome than the standard transitional calculation. HMRC has said once an individual receives a transitional tax-free amount certificate, it is irreversible and they must use it even if it results in a poorer outcome for the individual. Therefore, care needs to be taken before making a request.

You are responsible for deciding whether to apply for a transitional tax-free amount certificate. We will provide a certificate when asked to do so in accordance with our legislative obligations. We are not responsible if the production of a transitional certificate results in a poorer outcome for you.

Please note that we can only produce a certificate for individuals who have benefits in a Nucleus Financial Group pension contract.

Complete evidence

If you or the deceased member have only taken benefits from a James Hay pension scheme, you do not need to provide additional evidence as we will refer to our records. If we require further information we will contact you. Otherwise, you must provide complete evidence for each BCE across all pension schemes.

We require evidence for all BCEs whether they paid no tax-free lump sum, less than a 25% tax-free lump sum or the standard 25% tax-free lump sum. The evidence should include benefits paid before or after age 75, QROPS transfers and Serious Ill Health Lump Sums. If you are applying on behalf of a deceased member, this should also include any lump sum death benefits.

Complete evidence should show:

- The client's name
- The BCE date(s)
- The percentage amount of the standard or protected Lifetime Allowance (LTA) used by each event, or the total amount used
- The monetary amount of any tax-free lump sum paid, if applicable
- Explicit confirmation that no tax-free lump sum was paid, if applicable
- For benefits in payment before 6 April 2006, evidence of the maximum annual income amount at the value date

Examples of acceptable evidence:

- A BCE certificate
- A letter on company letterhead, detailing the above information
- An email, from the pension scheme's email domain, detailing the above information
- A P60 to show LTA used or maximum income for benefits in payment before 6 April 2006, at the value date
- A bank statement to show receipt of a tax-free lump sum

We cannot accept the following as complete evidence:

- An options form as this shows a prospective right to a benefit
- Illustrations dated before the BCE
- A letter or certificate that confirms the tax-free lump sum will be paid in the future, unless accompanied by a bank statement showing receipt of the amount
- Evidence that does not explicitly confirm that no tax-free lump sum was paid
- Evidence that does not provide a link to the scheme e.g. not on company letterhead

1 Personal details

Applicant to complete

Please ensure you have read the first page of this form before completing this section. Please complete the information below as completely as possible and provide accompanying evidence for each BCE.

Full name National Insurance number Date of birth **2 Benefit history**

Applicant to complete

Scheme name

This is likely to be James Hay Personal Pension Plan, IPS SIPP, IPS (2008) SIPP, IPS Pension Builder SIPP or IPS Family SIPP. Please check your product terms and conditions or contact us if you are unsure of the name of your pension scheme.

Member number Total lifetime allowance used as at 5 April 2024, expressed as a percentage of the standard lifetime allowance %Do you have any form of lifetime allowance protection? Yes NoIf **Yes**, please enclose a copy of the certificate or provide details belowType of protection LTA protection notification number

The LTA protection notification number is normally the type of protection, followed by 10 digits and one letter. For example, for a fixed protection 2016 case, it could be FP161234567890A.

2a Other schemes

Applicant to complete

On 5 April 2006, were you taking any pension benefits (for example, income withdrawal/scheme pension/annuity)?

 Yes NoIf **Yes**, was this pension income solely provided by James Hay? Yes No

If you have taken pension benefits prior to 6 April 2006, have you since had at least one crystallisation event between 6 April 2006 and 5 April 2024?

 Yes No

If **Yes**, the scheme that carried out the crystallisation event prior to April 2006 may have already completed a calculation to determine your LTA percentage used - if you notified them of the subsequent crystallisation. You may be able to obtain this and provide the information to us. If they have not completed an LTA calculation, we can instead use the information you provide for the following:

For Defined Benefit Schemes that came into payment prior to 6 April 2006, please provide the maximum pension income payable at the date of the first BCE after 6 April 2006:

Excluding the above, please state the maximum **total** gross pension income payable from all other pension funds at the date of the first BCE after 6 April 2006:

If the only benefits you have taken were prior to 6 April 2006, you are not entitled to a Transitional tax-free amount certificate and should not complete this application.

Please complete the following table if you had at least one crystallisation event between 6 April 2006 and 5 April 2024.

Please provide full details of any pension commencement lump sum (PCLS), the tax-free element of any uncrystallised funds pension lump sum (UFPLS), any serious ill-health lump sums and any tax free lump sums taken prior to 6 April 2006.

Scheme name	Date of crystallisation	Monetary amount
		£
		£
		£
		£
		£
		£
		£
		£
		£
		£
		£

3 Declaration Applicant to complete

I confirm that I am the individual named at the start of this form or, where that individual is deceased, I am their personal representative.

By completing this form, I apply for a transitional tax-free amount certificate.

I confirm that no relevant benefit crystallisation events have occurred on or after 6 April 2024.

I understand that, once received, the transitional tax-free amount certificate must be provided to any pension scheme trustees or administrator from whom benefits are requested.

I understand that my application may be rejected if I do not provide James Hay with complete evidence regarding all previous benefit crystallisation events within three months of James Hay receiving my application.

I confirm that the information contained in this form and the evidence provided with it are true, accurate and complete to the best of my knowledge and belief.

If incorrect information is provided, I accept that James Hay bears no responsibility, and any tax charges arising will be paid for by me or from my/the deceased individual's pension funds.

Individual/personal representative's signature:

Name

Date

4 Checklist Applicant to complete

- For BCEs between 6 April 2006 and before 6 April 2024:
Evidence for each BCE that shows the following:
 - Client's name
 - The BCE date(s)
 - The percentage amount of Lifetime Allowance (LTA) used by each event, or the total amount used
 - The monetary amount of tax-free lump sum paid and explicit confirmation funds have been paid, if applicable
 - Explicit confirmation that no tax-free lump sum was paid, if applicable
- If transitional protection is held
A copy of the certificate from HMRC (unless Fixed Protection 2016 or Individual Protection 2016 held).
- If benefits were taken before 6 April 2006
Evidence of maximum annual income for each pension scheme as at value date listed in Section 2a.

From 6 April 2024, the pension lifetime allowance (LTA) has been abolished. Replacing this are two new allowances:

- **the lump sum allowance (LSA):** this limits the total amount people can take as tax-free lump sums during their lifetime. For most people it's set at £268,275; and
- **the lump sum and death benefit allowance (LSDBA):** this limits the total amount which can be taken as tax-free lump sums during a member's lifetime or following their death. For most people it's set at £1,073,100.

For individuals who had taken some benefits before 6 April 2024, a deduction against the LSA and LSDBA must be made to reflect that they have already received one or more tax free lump sums. The standard position is that the LSA and LSDBA are reduced by 25% of the individual's previously used lifetime allowance, although special rules apply where a serious ill-health lump sum was paid before 6 April 2024. The standard position is referred to by HM Revenue & Customs (HMRC) as the "standard transitional calculation".

An alternative approach is available for individuals who have complete and accurate records of the monetary value of tax-free amounts previously received. Where these records are available, the individual can request that their scheme uses this evidence to calculate and provide a certificate of their reduced LSA and LSDBA, instead of automatically deducting 25% of the individual's previously used lifetime allowance. This certificate is referred to by HMRC as a "transitional tax-free amount certificate".

The certificate should be given to any scheme from which the individual (or their beneficiaries) wants to take benefits. The scheme will use the certificate to deduct the amounts shown from the individual's LSA and LSDBA to determine the maximum tax-free amount which can be paid.

What the certificate will show

The transitional tax-free amount certificate will show the total monetary amount of tax-free lump sums which has been paid from all of the individual's pension arrangements.

The certificate will detail:

1. the individual's name, address and national insurance number.
2. the amount of the individual's lifetime allowance previously used, expressed as a percentage of the standard lifetime allowance.
3. The lump sum transitional tax-free amount. This is the monetary total of all pension commencement lump sums and the tax-free part of all uncrystallised funds pension lump sums paid to the individual.
4. The lump sum and death benefit transitional tax-free amount. This is the transitional tax-free amount plus the monetary value of any tax-free part of any other lump sum payments that would previously have been tested against the individual's lifetime allowance (noting this includes any serious ill health lump sums or uncrystallised funds lump sum death benefit paid if the individual died before age 75). This amount may often be the same as (3).

It is then up to schemes paying out further lump sums to deduct these values from the individual's LSA and LSDBA.

Please note that the certificate does not show the individual's LSA or LSDBA available for future use.

We are able to provide literature in alternative formats. For a Braille, large print, audio or E-text version of this document call us on 03455 212 414 (or via the Typetalk service on 18001 03455 212 414).

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