**Core Unit 3 – Running a Workplace Pension Scheme**

**Assignment 3 Notes**

(Part 4 – Allowances)

Recommended Time: *2 hours 30 minutes*

1. Outline the key features of a Pensions Savings Statement.

**(5 marks)**

1. Briefly describe Fixed Protection, Fixed Protection 2014 and Fixed Protection 2016.

List the circumstances that may give rise to an individual losing those protections and the information they must provide to HMRC when fixed protection is lost.

**(20 marks)**

1. In relation to the Annual Allowance tax charge, briefly describe what is meant by “Scheme Pays”.

**(5 marks)**

1. Describe the Lumps Sum Allowance (LSA), Lump Sum and Death Benefit Allowance (LSDBA) and the Relevant Benefit Crystallisation Events (RBCES).

**(20 marks)**

# Explain the Tapered Annual Allowance and provide an example of a tapered AA calculation.

**(10 marks)**

1. The initial level of the Annual Allowance (AA) was £215,000, effective from 6 April 2006 (A-day).

Explain how the amount of the AA has changed since A-day.

**(10 marks)**

1. Briefly outline how an individual’s pension rights are valued in order to determine whether they exceed the Lifetime Allowance, and provide a worked example.

**(10 marks)**

1. Describe the purpose and key features of the Pension Input Amount, in relation to the Annual Allowance.

**(15 marks)**

1. Outline the tax relief available to individuals in relation to pension scheme contributions and how the Annual Allowance tax charge impacts on the tax relief granted to an individual who exceeds the tax relief limits.

**(5 marks)**