DA Phillips & Co Ltd

SSAS

Small Self-Administered Scheme

Member's Guide

Please contact us if you would like this document in an alternative format.

This document provides a summary of the key points of the D A Phillips & Co Ltd SSAS.
This is an important document. You should keep it safe for future reference.

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EXPERT RATED

About our SSAS

This guide gives information about the D A Phillips & Co Ltd Small Self-Administered Scheme (SSAS).

A SSAS is a type of company pension scheme that gives you a wide range of investment opportunities.

It is not suitable for everyone. If you are unsure about whether a SSAS is the right product for you then you should speak to your Financial Adviser before proceeding.

Our SSAS offers you the maximum control and flexibility over:

- **Contributions** – any level up to HM Revenue & Customs (HMRC) thresholds with no requirement to make any contributions if you don't want to.
- **Investments** – various investment options available, including commercial property and loans to your employer.
- **Benefits** – all pension drawdown options available, including the option to phase your retirement if you wish.

About this document

This document provides members and prospective members with the main features of our SSAS. For more information, please refer to your financial adviser, who will be able to advise you on all of the options available to you and identify which ones best match your needs.

This Information Booklet is based on our understanding of current legislation and HM Revenue & Customs (HMRC) practice. The purpose of this document is to provide general information on the subject, it should not be used as a substitute for advice.

Contents

Introduction & Contents	**1**
The Basics	**2**
Contributions to your SSAS	**3**
Transfers	**4**
Investments	**5**
Member Benefits	**9**
Death Benefits	**13**
Further Information	**14**

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1. THE BASICS

What is a SSAS?

A small self administered scheme (or SSAS) is a registered pension arrangement under Chapter 2 of Part 4 of Finance Act 2004. As such it qualifies for all of the tax advantages available to UK pension schemes.

It gives business leaders, their families and senior employees a wide choice over funding for their retirement, investment opportunities (including investments which involve their business) and the timing and nature of the benefits they take.

The SSAS is an occupational pension scheme, which means it is set up by an employer under trust for the benefit of certain of its employees. The employer may also invite non-employees to join the scheme. The SSAS is governed by a trust deed and rules and is a separate entity from the employer.

To benefit from the full flexibility of a SSAS, there must be fewer than 12 members of the scheme and all members must be trustees.

A SSAS is not suitable for everyone and you should speak to your financial adviser before proceeding.

The principal employer and participating employers

The business that establishes the SSAS is referred to as the principal employer. The principal employer needs to be trading and can be a limited company as well as a partnership or a sole trader (as long as the partnership or sole trader has employees joining the scheme from commencement). This means that firms of accountants and solicitors can also set up a SSAS for their business.

It is also possible for other employers to participate in the scheme, providing they execute the appropriate trust deed. These employers are referred to as participating employers.

The member trustees

Each member of the scheme is appointed as a trustee of the scheme which means that they have a great deal of control over how the scheme is invested (subject to the limitations set out below).

The Independent Trustee

In addition to the Member Trustees, D A Phillips & Co Ltd is appointed as the Independent Trustee of the scheme. The Independent Trustee and the Member Trustees jointly hold all assets of the scheme.

D A Phillips & Co Ltd also acts jointly with the member trustees as the Administrator of the scheme. In this role they have a joint responsibility to HM Revenue & Customs (HMRC) to ensure that the scheme is administered in accordance with the legislation and regulations. Breach of these rules can result in tax charges and may jeopardise the tax exempt status of the scheme.

The Principal Employer and the Trustees jointly appoint DP Administration Ltd to deal with the day to day administration of the scheme and to provide the services set out in the Administration Agreement.

Who is eligible to join the SSAS?

When the SSAS is first set up, the principal employer will decide who will be invited to join the scheme.

Anyone employed by the principal employer, or by a participating employer, may become a member of the scheme. It is also possible for family members who are not employees to become members.

However, members must be at least 18 years of age, as they are unable to act as a trustee of the scheme if they are a minor.

Eligibility is subject to satisfactory proof of identity and we may use electronic means to confirm this.

Once the SSAS is established, the Principal Employer can invite further members to join if it wishes up to a maximum of eleven members.

2. CONTRIBUTIONS TO YOUR SSAS

Introduction

Contributions can be made to your SSAS by your employer as well as by you personally.

Please note that you will not receive tax relief on personal contributions after your 75th Birthday.

Employer contributions

The principal employer and any participating employer can pay contributions to the SSAS to provide benefits for their employees. However, there is no requirement for them to do so.

Your employer can pay one off contributions at any time and they can also pay contributions on a regular basis. Regular contributions can be varied or stopped at any time.

Your employer's contributions are allowable as a deduction against corporation tax, provided they are made "wholly and exclusively for the purposes of its business". Your employer's accountant or tax adviser will be able to help them determine whether a proposed contribution will meet this requirement. They should take advice before any contribution is paid.

You will not normally be taxed personally on contributions made by your employer. However, please note that you will face tax charges if the total contributions made by you or on your behalf exceed the Annual Allowance after taking into account any carry forward (see below).

Personal contributions

You can also pay contributions to the SSAS yourself. However, as with employer contributions, you are not required to do so. If you do contribute then you can pay one off contributions at any time, or you can pay contributions on a regular basis. Your regular contributions can be varied or stopped at any time.

As with employer contributions, there is no limit on the amount of contributions you can pay. However you will only receive tax relief on contributions up to a certain amount. If you are a UK resident then you will get tax relief on contributions up to the higher of:

- £3,600 gross per annum, and
- 100% of relevant UK earnings (subject to the annual allowance) each year.

The annual allowance is currently £60,000 (with effect from 6th April 2023). Depending on your circumstances a different level may apply. Further information can be found in the following sections.

You will receive tax relief at your highest marginal rate of income tax. This will normally be achieved by deducting the contribution from your salary before the tax is calculated. You should consult your employer if you want to pay personal contributions so that they can organise this.

Personal contributions are also covered by the annual allowance. This means that you will face tax charges if the total contributions made by you or on your behalf exceed the Annual Allowance after taking into account any carry forward (see below).

The Annual Allowance for contributions

The Annual Allowance is the maximum amount of contributions (personal and employer) that can be made to registered pension schemes each year which will receive tax relief. The Annual Allowance is currently £60,000.

You will exceed the annual allowance if, in a tax year, the total of all contributions (paid by you, on your behalf and by your employer) to your registered pension schemes when added to the increase in benefits under any final salary scheme exceeds £60,000.

Please note that the Money Purchase Annual Allowance rules restrict your annual allowance if you flexibly access any pension benefits. Details of this can be found in the Member Benefits section of this document. The Money Purchase Annual Allowance is currently £10,000.

Annual Allowance taper

If you have adjusted income of over £260,000 and your threshold income is more than £200,000 your annual allowance will be reduced by £1 for every £2 by which your adjusted income exceeds £260,000, subject to a maximum reduction of £50,000.

Please refer to our Tapered Annual Allowance Information Sheet for a detailed explanation and examples. We are not able to calculate an individuals tapered annual allowance and you should speak to your financial adviser and / or accountant.

Carry Forward of unused Annual Allowance

Subject to having been a member of any registered pension scheme for the years in question (even if you did not contribute anything), you can carry forward any unused Annual Allowance for a period of up to 3 years and make top-up contributions in later years. You can Carry Forward a maximum of the Annual Allowance for each of the previous three tax years, and this amount is reduced by the amount of the Annual Allowance you used during those years.

The carry forward of unused annual allowance is available for those subject to the annual allowance taper however the amount available will be based on the unused tapered annual allowance.

If the Money Purchase Annual Allowance rules apply to your SSAS then you will not be able to use Carry Forward.

Exceeding the Annual Allowance

If, having used carry forward, the total contributions still exceed the Annual Allowance then you will have to pay a tax charge on the excess. The tax charge is based on the marginal rate of tax relief received on the contribution and will be collected through your tax return.

What if I am entitled to Enhanced Protection or Fixed Protection

If you applied for Enhanced Protection (for funds built up before 6th April 2006) or Fixed Protection before the 15th March 2023 and have had your application accepted as a certificate or reference number has been issued to you, you will be able to accrue new pension benefits from the 6th April 2023 without losing your protection. More details about Enhanced and Fixed Protection can be found later in the 'Member Benefits' section of this document.

3. TRANSFERS IN AND OUT OF YOUR SSAS

Transfers in

You can transfer benefits from your other registered pension schemes into your SSAS. This includes being able to transfer benefits where you have crystallised some or all of your benefits and are drawing a pension under Capped or Flexi Access drawdown (this is explained in the member benefits section below). However we do not accept transfers from Defined Benefit schemes, Qualifying Recognised Overseas Pension Schemes (QROPS) or schemes that contain Guaranteed Minimum Pensions (GMP's). We will only accept transfers from schemes with Guaranteed Annuity Rates (GAR's) if a positive recommendation to transfer has been provided by an FCA regulated financial adviser.

You can also transfer assets other than cash into your SSAS. This is known as an 'in specie' transfer. However, the investment must be one that is acceptable to D A Phillips & Co Ltd. Please provide us with details of the investments held under the transferring scheme so that we can determine whether they are permissible.

Transfers out

You can transfer your benefits held under the SSAS to another UK registered pension scheme at any time. Your transfer can be as cash, or as an in-specie transfer of assets (provided the receiving pension scheme can accept the assets in question).

The transfer will always be made to the trustees/administrator of the receiving scheme.

4. INVESTMENTS

Introduction

As a separate entity, your SSAS will have its own bank account which will receive all contributions and transfers in.

Our SSAS clients have a wide range of investment options. However, as a responsible SSAS administrator, we have placed restrictions on what your SSAS can and cannot invest in.

Our Investment List is divided into two sections - Permitted Investments and Non-Permitted Investments and sets out generally what is and what is not allowable. The lists are principally determined by:

- **Taxable property** these are a category of investment that would incur high tax penalties if held in your SSAS, and
- **Non-Standard Investments** these are investments, which do not fall within the Financial Conduct Authority's (FCA's) definition of "standard investments", as they may be difficult to sell, be higher risk and are often inappropriate for SSASs.

The term non-standard investment does not reflect the potential investment risk or reward, both a non-standard investment and a standard investment (on our permitted investment list) may be a high risk investment.

One of the criteria for an investment to be considered a standard investment is whether it can be realised (sold) within 30 days when required. If an asset cannot be sold within 30 days it is classified as a non-standard investment.

If you are considering an investment which is not covered below then please send us full details so that we can determine whether it is viable. Please note that there will be a charge for us completing any due diligence. We will confirm the charge to you before carrying out any work.

We reserve the right to sell any investment held in a SSAS at our sole discretion if we believe that continuing to hold it could jeopardise the registration of the SSAS or lead to a tax charge.

Please note that D A Phillips & Co Ltd and DP Administration Ltd do not give financial advice. You make all investment decisions with the help of your financial adviser (if you have one). We do not take any responsibility for the consequences of your investment decisions.

You should regularly review your investments to make sure that they meet your investment objectives, your retirement aims and your attitude to risk.

Permitted Investments

You have a wide range of investment opportunities, including:

Investment	Notes
Deposit Accounts • Cash held in bank and building society deposit accounts • Fixed term deposits	This could be in sterling, US dollars or Euro's with our nominated SSAS bank account or an EEA authorised deposit taker Only if funds can be accessed prior to maturity
Stocks and Shares • Shares listed on the London Stock exchange (LSE) or Alternative Investment Market (AIM) or any other	Source: FCA Handbook IPRU-INV 5.9

venue/operator that have functions similar to an exchange or an multilateral trading facility (MTF) – that are authorised by a regulator or a government agency either in the EEA or in any third country • Fixed interest securities listed as above • Loan notes listed as above • UK government treasury bills and other government fixed interest securities • Permanent interest bearing shares (PIBs) listed as above	This could be Gilts, Stocks or Bonds
Collective investment schemes • OEICS, Unit Trusts and other collective investment schemes • Investment Trusts • Real estate investment trusts (REITs)	Must be authorised or recognised by the FCA See "Stocks and Shares" section of where the investment must be listed
Commodities • Exchange Traded Commodities • Physical Gold Bullion	See "Stocks and Shares" section for where the investment must be listed Providers must meet our due diligence requirements. Please contact us for confirmation of who an account can be set up with
National Savings and Investments (NS&I) • Income Bonds	
Direct Property • UK commercial Property and Land	
Insurance company funds including Trustee Investment Plans	
Structured Products • Capital protected structured product	Could be a listed company share, investment trust, bond, loan note, warrant or other derivative but it must be listed on an HMRC recognised stock exchange
• Loans made by your SSAS to your business	

We may however consider from time to time that some of these regulated venues are not on markets we would wish to hold in our SSAS. The current list can be found below.

Non Permitted Investments
Below is a list of investments not allowed in your SSAS. This list is not exhaustive, please contact us if you are unsure as to whether an investment meets the Permitted Investments criteria shown.

Investment	**Notes**
Taxable Property • Residential property and any associated land • Tangible moveable property	Including Holiday properties Art, Antiques, Jewellery etc

• Loans made by your SSAS to you personally • Residential ground rents	
Property • Overseas commercial property or land • Hotel Rooms • Storage Pods	
Stocks and Shares • Unquoted shares – UK or overseas • Unquoted loan notes and bonds • Mini bonds • Forex trading (currency trading)	
Loans • Peer to peer lending and crowdfunding	
Unregulated Collective Investment Schemes (UCIS)	
Closed-ended investments	which are not realisable within 30 days
Structured Capital at Risk Products	
Crypto currencies	such as Bitcoin and Ethereum
Intellectual property	such as patents and trademarks
Futures and options	
Land banking	
Carbon credits	
Second hand traded endowment policies	
Burial plots	
Contracts for difference and spread betting	
Premium Bonds	
Solar panels and wind turbines	
Life settlement funds	
Other special purpose vehicles and pooled investment structures meeting the Financial Conduct Authority definition of non-mainstream pooled investments	
Any other asset which cannot be accurately and fairly valued on an ongoing basis and cannot be readily realised within 30 days, whenever required	

STOCK MARKETS OR EXCHANGES WHICH WE WILL NOT ACCEPT INTO YOUR SSAS

- NEX
- The International Stock Exchange (formerly known as the Channel Islands Stock Exchange)
- The Cayman Islands Stock Exchange
- GXG Official List
- GXG Main Quote
- The Rio De Janeiro Stock Exchange
- The Sao Paulo Stock Exchange
- Growth and Enterprise Market of the Irish Stock Exchange
- Enterprise Securities Market of the Irish Stock Exchange
- The Bermuda Stock Exchange

This list is our current view of markets that we do not wish to hold in our SSAS. This list will be reviewed from time to time and we reserve the right to make any decision in relation to markets, trading venues or multi-lateral trading facilities as we deem appropriate. Please note this list is not exhaustive.

Commercial property

The trustees can invest in commercial property (either freehold or leasehold). Commercial property also includes land whether development land, farmland or forestry. Apart from a small number of exceptions, there must be no residential element to the property being acquired.

Your SSAS can purchase property from your business or from you personally, as well as on the open market. Once owned, the property can be leased to your business or to an unconnected party. However, please note that all transactions must be "at arm's length". This means that where the property is being purchased from, leased to or sold to a connected party then the property value and rental value must be set by a professional valuation. The definition of connected is quite complicated, but includes the member(s), their close family, and any businesses that they are associated with.

SSASs are a very popular vehicle for holding the property that the member's business operates from. This is because the property is sheltered from the company's creditors and all capital growth and rental income accumulate tax free within the SSAS.

The trustees can register the SSAS for VAT if required, but please note that we cannot provide any tax advice.

If you are considering a property investment then please refer to our Property Notes which give more details about property investments within your SSAS.

Borrowing

The trustees can borrow funds to help finance the purchase and/or development of an asset, or to provide liquidity when needed. The maximum amount that can be borrowed is 50% of the net value of the SSAS immediately prior to the borrowing taking place, taking into account any existing borrowing. There is no additional provision for short term borrowing required to cover the VAT on the purchase of a property which is subject to VAT. The borrowing required for VAT must be included when determining whether there is sufficient scope to borrow within the 50% limit.

Loans

The trustees can make loans to the principal employer or to any participating employer provided they are a limited company, subject to the following five HMRC conditions:

1. The maximum amount that can be lent is 50% of the net asset value of the SSAS (subject to any existing lending).
2. The loan must be secured by a first legal charge over an asset which is of at least equal value to the loan and interest.
3. The interest rate must be commercial and at least base rate plus 1%.
4. The term must be no longer than five years.
5. The repayment terms must be equal instalments of capital and interest for each year of the loan.

The trustees cannot make loans to any member of the SSAS, or to anyone connected with a member.

If you are considering making a loan then please refer to our Loan Notes which give more details.

5. MEMBER BENEFITS

Overview

The level of benefits available from your SSAS will depend on your age and the size of your fund at the time you take them. The trustees will determine the value of your fund based on money paid into the scheme (in the form of contributions and transfers in) and on investment returns.

When you take your benefits the total value of all of your pension funds will be tested against your Lump Sum Allowance (LSA) and your Lump Sum and Death Benefit Allowance (LSDBA).

Timing of benefits

You may commence your benefits from your SSAS (known as 'crystallisation') at any time from age 55. There is no requirement for you to stop working or 'retire' when you take your benefits. You may be able to take your benefits earlier than age 55 in one of the following circumstances:

- You become seriously ill, or
- Your SSAS is made up of funds transferred from an existing pension with a lower pension age provided that the transfer to your SSAS complied with certain HMRC requirements

The normal minimum pension age (the age which you can start taking benefits from your SSAS) will be increasing from 55 to 57 with effect from 6th April 2028.

You can crystallise all or part of your fund**.** This means that instead of taking your benefits in one go, you could take your benefits in stages by crystallising portions of your fund so as to suit your own personal requirements.

What are my benefit options?

The options available are:

- A pension commencement lump sum and a pension income. The income can be taken either as Flexi Access Drawdown, Capped Drawdown (subject to certain criteria outlined) or an Annuity; or
- An Uncrystallised Funds Pension Lump Sum

Can I get help with understanding my options?

Taking your benefits is a complex process, which can lead to irreversible decisions. Taking large benefit payments from your SSAS may not be tax efficient or sustainable, especially if you are reliant on your pension to support you for the rest of your life. It is therefore essential that you have all of the information necessary to make an informed decision on what is best for you.

There are two main places that you can go to get help with understanding your options. These are:

- A financial adviser who is regulated by the Financial Conduct Authority
- Pension Wise, which is a Government service that offers free impartial guidance on your benefit options.

We will provide more details on these options when you come to take your benefits or on request.

The Pension Commencement Lump Sum

A Pension Commencement Lump Sum (sometimes called Tax Free Cash) is a tax-free payment that you can take at the time you crystallise your benefits. The maximum amount you can take is the lower of:

1) Your available Lump Sum Allowance
2) Your available Lump Sum and Death Benefit Allowance
3) Your applicable amount (25% of the amount you are crystallising)

Flexi Access Drawdown (FAD)

Flexi Access Drawdown (FAD) is a drawdown option that became available on the 6th April 2015. It allows you to continue to invest your Plan while drawing an income from it. There is no maximum limit on the amount of income that you can draw up to and including taking the whole FAD fund. The minimum is nil, meaning that you do not have to draw any pension if you do not wish to. All FAD payments are taxed as earned income.

You can draw your pension income through regular payments (either monthly, quarterly, half yearly or annually). You can also take one-off payments as and when needed and you can change the level you are taking at any time.

Taking an income under FAD will trigger the Money Purchase Annual Allowance rules (outlined below) which will reduce your annual allowance from £60,000 to £10,000 per annum for money purchase savings.

Capped Drawdown

Capped drawdown is the drawdown option that existed prior to the 6th April 2015. Like FAD, it allows you to continue to invest your Plan while drawing an income from it, but unlike FAD it is limited to a maximum annual amount set by HMRC. The minimum is nil, meaning that you do not have to draw any pension if you do not wish to. You can take any level of pension up to the maximum amount each year and can change the level you receive at any time. All Capped Drawdown payments are taxed as earned income.

Capped drawdown is not an option for members who crystallise their benefits for the first time after 6th April 2015. Members who had designated funds to Capped Drawdown prior to 6th April 2015 can continue with this option as long as they have not triggered the Money Purchase Annual Allowance rules. Taking more income than the current annual maximum calculated for your capped drawdown fund will result in the fund being automatically converted to a Flexi Access Drawdown fund and would trigger the money purchase annual allowance rules.

You can draw your pension income through regular payments (either monthly, quarterly, half yearly or annually). You can also take one-off payments as and when needed.

The maximum pension that you can take is 150% of the relevant Government Actuary Department (GAD) rate. This rate is determined by your age and returns from Government securities. We will apply this rate to the value of your crystallised fund at the time it is first used to provide pension drawdown and at each review.

We will review your maximum pension every three years until you reach age 75. From that point we will review your pension annually.

Lifetime Annuity

A lifetime annuity is an insurance company product which guarantees to pay you a regular income for the rest of your life. The level of pension that you receive under a lifetime annuity will depend on the size of your fund, your age and annuity rates at the time you purchase it. If you want your pension to continue to your spouse or other dependants on your death, for your pension to increase, or for a guarantee period to apply then this will reduce the initial pension that you receive. All annuity payments are taxed as earned income.

If you choose to have your pension paid in this way then you will cease to be a member of the SSAS and we will transfer your encashed SSAS fund to the insurance company of your choice. As a result, you will cease to have any involvement in the investment of your pension fund, which may be the right option if income security is an important factor.

You can buy an annuity at any time from your 55th Birthday. You can crystallise your benefits and purchase an annuity immediately, or you can draw an income through capped or flexi access drawdown and then purchase an annuity at a later time.

You can also buy the annuity all at once or in stages using cash from part of your SSAS fund.

Uncrystallised Funds Pension Lump Sum (UFPLS)

An Uncrystallised Funds Pension Lump Sum (UFPLS) is an alternative way of accessing your pension benefits which became available from the 6th April 2015. It can only be taken from funds not already in drawdown subject to available allowances. It allows you to take a one off payment or series of payments whilst keeping the remainder of your pension uncrystallised.

You can normally take an UFPLS at any time from age 55 (or earlier if you meet the ill health conditions) and like drawdown it is not necessary to stop working or 'retire' when you take your benefits.

When you take an UFPLS payment, 25% of the payment will be tax free (like a PCLS) and 75% of the payment will be taxed as pension income at your marginal rate of income tax.

Taking an UFPLS payment will trigger the Money Purchase Annual Allowance rules (outlined below) which will reduce your annual allowance from £60,000 to £10,000 per annum for money purchase savings.

Money Purchase Annual Allowance Rules (MPAA)

In certain circumstances your annual allowance may be reduced, these circumstances include taking an income payment under flexi access drawdown, taking an Uncrystallised Funds Pension Lump Sum, taking a stand alone lump sum with Primary Protection, taking income under a flexible annuity and exceeding the maximum drawdown amount under Capped Drawdown. When this happens, you are said to have triggered the Money Purchase Annual Allowance under HMRC rules. This reduces your annual allowance from £60,000 to £10,000 per annum for money purchase schemes (details of the annual allowance can be found in the contributions section). Money purchase schemes are ones which do not guarantee a level of pension in retirement. Your SSAS is an occupational money purchase scheme. Special rules apply to 'final salary' schemes. The MPAA rules will apply from the day after the trigger event occurred. The MPAA rules also prohibit the ability to carry forward any unused annual allowance.

The Lifetime Allowance

The Lifetime Allowance ceased to exist on the 6th April 2024. Previously when benefits were taken from a pension fund (a benefit crystallisation event) they were tested against the Lifetime Allowance and the growth in any crystallised funds as well as any uncrystallised funds were also tested when you reached age 75. The Lifetime Allowance has been replaced with two new allowances – the Lump Sum Allowance (LSA) and the Lump Sum and Death Benefit Allowance (LSDBA).

If you take benefits from your pension fund after the 6th April 2024 we will test the value of these benefits against your LSA and LSDBA.

If you have taken benefits from your pension fund before the 6th April 2024 and wish to take more benefits after the 6th April 2024 we will use a standard formula provided by HMRC to convert the Lifetime Allowance percentage figure into a Lump Sum Allowance and Lump Sum and Death Benefit Allowance remaining figure.

The Lump Sum Allowance

The Lump Sum Allowance (known as the pension commencement lump sum) is the maximum tax free lump sum payment that you can receive from all pension arrangements. For an individual with no form of protection the Lump Sum Allowance is currently set at £268,275 (25% of £1,073,100).

It is not possible for the SSAS to pay a tax free lump sum in excess of the Lump Sum Allowance. If the size of your pension fund is in excess of your available Lump Sum Allowance any excess will be moved into your drawdown pot and any pension payments from this pot will be taxed at your marginal rate of income tax.

The Lump Sum and Death Benefit Allowance

The Lump Sum and Death Benefit Allowance is a new allowance which all authorised lump sums and lump sum death benefits are tested against. For an individual with no form of protection the Lump Sum and Death Benefit Allowance is currently set at £1,073,100.

At a relevant benefit crystallisation event, on death or on the payment of a serious ill health lump sum the amounts paid out will be tested against the Lump Sum and Death Benefit Allowance.

Any lump sum payments from the SSAS on death before age 75 which are in excess of the Lump Sum and Death Benefit Allowance will be taxed at the recipient's marginal rate of income tax.

Protection

If you have tax free cash protection, Enhanced, Primary, Fixed or Individual protection you will have an entitlement to a higher tax free lump sum.

- If you have enhanced protection with protected tax free cash the tax free lump sum amount will be capped at the lower of the protected percentage applied to your fund value at crystallisation or the protected percentage applied to your fund value at 5th April 2023. An example is shown below.
- If you have enhanced protection without protected tax free cash the tax free lump sum will be capped at 25% of £1.5 million (£375,000).
- If you have fixed protection the tax free lump sum will be capped at 25% of the value of the fixed protection limit. For example if you have fixed protection 2012, which gives a lifetime allowance of £1.8 million, the maximum tax free lump sum will be £450,000 (25% of £1.8 million).

Example of enhanced protection with protected tax free cash

A client has Enhanced Protection and their protection certificate shows that their protected tax free cash percentage is 27%.

On the 5th April 2023 their fund is valued at £2.5 million.

If they take their benefits from their SSAS on 5th April 2023 the maximum tax free cash that they can take is £675,000 (27% of £2.5 million).

If they decide to take their benefits in the next tax year for example 10th July 2023 then the new calculation applies. The fund value on the 10th July 2023 is £3 million however although the fund value has increased the maximum tax free lump sum remains £675,000 (27% of £2.5 million) not £810,000 (27% of £3 million).

Payments deducted from the Lump Sum Allowance

The following payments will be deducted from your Lump Sum Allowance:

- Payment of a tax free lump sum referred to as a pension commencement lump sum
- The non taxable amount of an Uncrystallised Funds Pension Lump Sum (UFPLS)

Payments deducted from the Lump Sum and Death Benefit Allowance

The following payments will be deducted from your Lump Sum and Death Benefit Allowance:

- Any pension commencement lump sum paid– the amount of the tax free lump sum paid
- The total non taxable amount paid of a stand alone lump sum
- The non taxable amount paid of an Uncrystallised Funds Pension Lump Sum (UFPLS)
- The total of any serious ill health lump sums paid

- The total of any Uncrystallised Lump Sum Death Benefits paid
- The total of any Drawdown Lump Sum Death Benefits paid

Protecting pension savings

You had the option following the introduction of the Lifetime Allowance on the 6th April 2006 to apply for Enhanced and/or Primary Protection. The Government also introduced a number of other Fixed Protections:

- Fixed Protection 2012, which locked your lifetime allowance at £1.8 million (so that it did not reduce to £1.5 million on the 6th April 2012).
- Fixed Protection 2014 which locked your lifetime allowance at £1.5 million (so that it did not reduce to £1.25 million on the 6th April 2014).
- Fixed Protection 2016 which locked your lifetime allowance at £1.25 million (so that it did not reduce to £1 million on the 6th April 2016).

Prior to the 6th April 2023 if you had Enhanced Protection or Fixed Protection and made a contribution to a registered pension scheme the protection would be broken and lost. After the 6th April 2023 as long as you have a valid Enhanced Protection certificate or you have a Fixed Protection certificate which you had applied for before the 15th March 2023 and have had your application accepted because a certificate or reference number has been issued to you, you are able to accrue new pension benefits (make contributions) from the 6th April 2023 without losing your protection.

The Government also introduced two other forms of protection which allowed individuals to continue to accrue pension benefits (make contributions) without the loss of their personalised lifetime allowance:

- Individual Protection 2014 – if you had more than £1.25 million of private pension accumulated on 5th April 2014 you could have applied for Individual Protection. It gave you a protected lifetime allowance equal to the value of your pension savings on 5th April 2014 subject to a maximum protection of £1.5 million.
- Individual Protection 2016 - If you had more than £1 million of private pension accumulated on 5th April 2016 you could have applied for Individual Protection 2016, provided that you did not have Primary protection or Individual Protection 2014. Individual Protection 2016 gave you a protected lifetime allowance equal to the value of your pension savings on 5th April 2016 subject to a maximum protection of £1.25 million. If you wish to rely on Individual Protection 2016 the deadline for application is 5th April 2025.

If you have a valid Primary Protection certificate you have always had the option of continuing to contribute to registered pension schemes.

For any of the Protections detailed if your application had been successful you would have been issued with a certificate from HM Revenue & Customs. These protections protected your pension funds from the Lifetime Allowance tax charges that could have applied. With effect from the 6th April 2024 the lifetime allowance was abolished and all the protections listed now give you a personalised Lump Sum Allowance and Lump Sum and Death Benefit Allowance.

6. DEATH BENEFITS

Death benefits are available under your SSAS

The full value of your Plan will be used to provide lump sum and/or pension benefits to your spouse, civil partner and other beneficiaries. The Trustee of the SSAS has discretion to select who will receive the benefits, but will take account of any beneficiaries nominated by you in the Expression of Wish section of your SSAS Application Form or subsequently. You can complete a new Expression of Wish at any time.

Your beneficiaries can take their benefits as a lump sum. Lump sum payments with effect from 6th April 2024 will be tested against the new Lump Sum and Death Benefit Allowance. If you were under the age of 75 on death, then the lump sum death benefit will be tax free providing that payment is made within 2 years of your death and is within your Lump Sum and Death Benefit Allowance, otherwise it will be taxed at the beneficiaries marginal rate of income tax. If you were over the age of 75 on death, then the lump sum is taxable at the beneficiaries marginal rate of income tax.

However, if a deceased member had crystallised funds before the 6th April 2024 and died under the age of 75 after the 6th April 2024, these crystallised funds will not be tested against the Lump Sum and Death Benefit Allowance.

Your dependants and nominated beneficiaries also have the right to take their benefits as a pension. Each beneficiary can take their pension through an annuity or Flexi Access Drawdown. If you were under the age of 75 on death, pension payments to a beneficiary will be income tax free if designated within 2 years, otherwise they will be taxed at the recipient's marginal rate. If you were over 75 on death, then any pension payments will be taxed at the recipient's marginal rate.

Death benefits from a Lifetime Annuity

If you had purchased a Lifetime Annuity then any payments to your spouse and/or dependants would depend on the terms of that Annuity. If you provided for a spouse/dependants pension then this would be paid to them for their life. If you die shortly after purchasing the Annuity then payments would continue for any guaranteed period specified at the time of purchase.

7. FURTHER INFORMATION

About us

The administration of SSASs is not regulated by the Financial Conduct Authority (FCA). DP Administration Ltd and D A Phillips & Co Ltd do not conduct any regulated activities and so are not regulated by the FCA.

DP Administration Ltd and D A Phillips & Co Ltd do not give financial advice.

What to do if you have a complaint

If you are not satisfied with the service that you have received, then please write in the first instance to: Managing Director, DP Administration Limited, Bridewell House, Bridewell Lane, Tenterden Kent TN30 6FA.

If your complaint is not resolved to your satisfaction, then you can refer it to: The Pensions Advisory Service or The Pensions Ombudsman Service. Their details are available on request.

This will not affect your legal rights.

Additional information

Please contact your adviser or us for any additional information.

The information provided in this SSAS Member's Guide is a summary of our understanding of current law, HM Revenue & Customs practice and taxation at the date the document was prepared. Please note that current laws may change in the future.

The law of England and Wales will apply to all legal disputes.

DP Administration Ltd is registered in England at Bridewell House, Bridewell Lane, Tenterden, Kent TN30 6FA. Registered No. 4622475.

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