

BENEFITS ON RETIREMENT

Limit on your benefits (p9)

From April 2006 HMRC has imposed different limits on the amount of tax-privileged retirement savings you can build up.

Relief for contributions

The maximum amount of tax relief you are entitled to on the contributions you make to all your pension schemes (not just the Fenner Scheme) is the lower of 100% of your taxable earning or £3,600 if greater.

Annual Allowance

The Annual Allowance is a limit on the total value of your benefits which can accrue in any year without giving rise to a tax charge, and stands at £235,000 for the tax year 2008/09.

You should note that the Annual Allowance applies to the aggregate total of all your pension schemes, not just your benefits value within the Fenner Scheme.

Lifetime Allowance

The Lifetime Allowance limits the total amount of tax-privileged benefits you can build up throughout your working lifetime. For the tax year 2008/09 the Lifetime Allowance stands at £1.65m. If your total pension benefits value exceeds this amount when you retire, your fund may be subject to a tax charge of up to 55%. This limit applies to the aggregate total of all pension funds you hold, not just your Fenner Scheme benefits.

Trivial Commutation

If your benefits are very small you may be able to take your entire pension as a lump sum when you retire, if your total pension benefits are not more than 1% of the Lifetime Allowance. You can work out your total pension benefits value by multiplying your initial annual pension by 20.

OTHER USEFUL INFORMATION

Basic State Pension (p14)

The Basic State Pension is currently £4,716.40 per annum for a single person and £7,542.60 for a married couple (2008/09 figures).