

Lifetime Allowance factsheet

This factsheet is designed for members of the new Scottish NHS, Teachers, Firefighters and Police schemes 2015.

The Scottish NHS, Teachers, Firefighters and Police schemes 2015 administered by SPPA, have been registered as new occupational pension schemes with HMRC.

Because these are new schemes, rather than a new section of an existing scheme, HMRC have confirmed that if you have Enhanced Protection, Fixed Protection 2012 (FP2012) and Fixed Protection 2014 (FP2014) you will lose this if you join or move to a 2015 scheme and start paying pension contributions. Joining or moving to a 2015 scheme is considered a new arrangement once contributions begin to be deducted.

Active members who do not have Full or Tapered Protection in their current pension scheme will be moved over to the new 2015 scheme on 1 April 2015. If you have HMRC Enhanced Protection, FP2012 and F 2014 it will be lost.

Opting out - automatic move to a 2015 scheme

If you want to safeguard against the loss of any of these protections you may be thinking about opting out of your 2015 scheme. However, the timing of the opting out is very important. If you move into the 2015 scheme and immediately opt out you will be required to pay pension contributions for April 2015. This payment would result in a pension contribution being paid to a new pension arrangement and the loss of Enhanced Protection, FP2012 and FP2014. This means that if you are an active member of an existing NHS, Teachers, Firefighters or Police scheme (and have HMRC protection and do not wish to lose it) you must opt out no later than your final month in that scheme. For members due to move to a 2015 scheme on 1 April 2015 and wish to ensure that a new arrangement does not occur you should consider an opt out no later than **31 March 2015**.

Opting out - new joiner to the 2015 scheme

If you join a 2015 scheme for the first time after 1 April 2015, or have had a break in membership of more than five years, and have Enhanced Protection, FP2012 and FP2014 while in a previous pension arrangement and opt out within the first pay period, you will be classed as never joining the 2015 scheme. As a result you will not have a new pension arrangement and will not have lost any of these protections.

Before opting out

Before you opt out you should consider the benefits you will be giving up when leaving the scheme. Further information is available on our 'Leaving the Scheme' factsheet and you may also wish to consult with an Independent Financial Adviser before opting out.

Automatic re-enrolment

If you have opted out of the scheme and remain with the same employer, you will be automatically re-enrolled every three years. Your employer will let you know when this date is. If you are automatically re-enrolled into the 2015 scheme as a result of auto enrolment, you will have one month to opt out again to avoid losing Enhanced Protection, FP 2012 and FP 2014.

Loss of protection

If you lose Enhanced Protection, FP2012 or FP2014, you are required to notify HMRC within 90 days of the loss taking place. Failure to do so may result in a penalty of up to £300. Following the issuing of an initial penalty there is an automatic daily penalty of up to £60.

Primary Protection and Individual Protection 2014

Moving or joining the 2015 scheme has no effect on your Primary Protection or Individual Protection 2014. If you lose Enhanced Protection, FP2012 or FP2014 and have one of the other types of protection lying dormant it will be activated by HMRC once you have reported the loss to them.

More information

If you required further information about Enhanced Protection, FP 2012 or FP2014, please see HMRCs website: <https://www.gov.uk/government/organisations/hm-revenue-customs>