

Recycling of Pension Lump Sums

Please read the NOTE below, and then answer these questions. We will use your answers to assess whether a tax charge may apply.

1. Do you intend to use any part of your lump sum to fund additional contributions to a pension scheme or to any other pension arrangement? Yes No

If the answer is YES, please answer the question below:

2. How much of your lump sum do you intend to pay into a pension arrangement (this includes Additional Voluntary Contribution arrangements under rule G6 of the FPS and Part 11, Chapter 2 of the NFPS)?
£

Declaration

I certify that the information given is correct and completed to the best of my knowledge and belief.

Signed:

Name (IN CAPITALS):.....

Date:.....

Please note: You must sign and return this form fully completed before we can pay your pension benefits.

NOTE

If you intend to use part, or all, of your pension lump sum to fund additional contributions to a pension scheme, or to any other pension arrangement, this is known as “recycling” and special tax rules may apply. If you break the recycling rules you will have to pay a tax charge of between 40% and 55% of the value of your pension lump sum. The recycling rules will not affect you in the following circumstances:

- If your pension lump sum together with any other pension lump sum paid in the preceding 12 months is less than 1% of the Lifetime Allowance at the time it is paid. (In 2006-07 the limit is £15,000 = 1% of £1,500,000.)
- If the contribution you intend to pay, or have paid in anticipation of receiving your pension lump sum, is less than 30% of the pension lump sum. If you increase your contributions in the two tax years up to your retirement as well as in the tax year that your pension lump sum is paid, you will fall foul of the recycling rule if this is a pre-planned means of using the lump sum payable at a future date, for example by using the lump sum to replenish savings that you have used to make contributions to a pension arrangement.

You can find guidance on recycling in Her Majesty’s Revenue and Customs’ (HMRC) Registered Pension Scheme Manual from RPSM04104900 onwards and at RPSM12200035 on their website at:

www.hmrc.gov.uk/pensionschemes

Further details can be found on the HMRC website at:

www.hmrc.gov.uk/pensionschemes/fb_guidance.pdf

HMRC has the power to look into individual cases to see if the recycling rules have been broken. If after reading the HMRC guidance notes, you are still unsure whether the recycling rules affect you, you should speak to an independent financial advisor or contact HMRC at the address below:

HM Revenue & Customs
Audit & Pension Schemes Services
Yorke House
Castle Meadow Road
Nottingham
NG2 1BG