



**FINANCIAL PLANNING TIPS FROM HEB WEALTH & EMPLOYEE BENEFITS**



**TIP 2 - Lifetime Allowance (LTA) Tax Regime**  
**LTA provides an unexpected silver lining in the market turmoil cloud**

**The COVID 19 pandemic may have caused your pension fund to fall sharply, but you can potentially turn this to your advantage if you consider fully crystallising now rather than waiting for the final LTA test at age 75.**

The recent sharp drop provides an opportunity for you to crystallise low value units and invest these in a separate, tax efficient, non-pension investment vehicle, whereby future growth will not contribute to breaching the limit and therefore be free from the LTA excess charge.

Taking a simple case study of Michael, age 68 who hasn't taken any pension benefits, has suffered a fall from £1,897,500 to £1,650,000 in his pension value.

Michael applied for fixed protection in the past and has LTA of £1,500,000.

We clearly do not know when markets will recover and whether there will be a quick surge but if we assume a range of average annual returns from now of 3%, 5% and 7%, the table below shows the tax Michael will save at age 75 at the 25% rate.

Annual Growth	3%	5%	7%
Tax Saved	£17,861	£33,944	£51,974

**Want to find out more?**

Call 0113 2223311 or contact us on enquiries@heb.uk.com

Want to opt out of future emails? Please e-mail name and "OPT OUT"

**"The hardest thing to understand in the world is tax"**  
 Albert Einstein



**Could it be to your advantage to crystallise now?**  
**Contact us before it is too late.**

