

## Pensions Tax

HM Revenue & Customs (HMRC) have established allowances within which pension savings achieve tax favourable treatment in the UK.

The value of your pension benefits for this purpose is effectively measured in two ways:

- The [Annual Allowance \(AA\)](#) – This measures the value of pension savings earned in each tax year. Whilst there is no limit upon the amount of savings you may make in any one year, the AA sets the limit above which you may become subject to a tax charge.

The AA is assessed each tax year and applies to the increase in the value of your pension savings across all registered arrangements.

- The [Lifetime Allowance \(LTA\)](#) places a value upon your pension savings across built up across all registered pension arrangements throughout your lifetime. Prior to 6 April 2023, the LTA was the limit above which you would become subject to a tax charge on the amount of savings in excess of the LTA.

The government announced that the Lifetime Allowance is to be abolished, meaning that from 6 April 2023 the Lifetime Allowance tax charge on any excess value of savings has been removed.

The Lifetime Allowance will be fully abolished from the 2024/25 tax year, through a future Finance Bill.

This means that for the 2023/24 tax year the current Lifetime Allowance framework remains in place and will be used to determine the amount of tax free cash which is permitted to be payable at retirement.

The State Pension benefits are excluded from both the Lifetime Allowance and Annual Allowance assessments.

If you believe that you may be impacted by pensions tax issues, please contact the [Pensions Team](#) who may be able to assist you with further information.

The Pensions Team are unable to offer any form of financial advice specific to your personal circumstances. If you are likely to be affected by pensions tax you should seek independent financial advice regarding your options.

The **Financial Advice** section contains details of independent financial advisers who are working with the London Pensions Consortium to provide financial advice to members. The **FAQ and Useful Links** page of the website also contains details of how you can locate an independent financial advisor and details of other organisations who may be able to assist you.