



Lifetime Allowance

April 2024

Up until 6 April 2024, Lifetime Allowance was the limit on how much you can earn or save across all your pensions during your working life before paying tax.

If you went over this, you usually had to pay tax on the excess. The Government removed this restriction from 6 April 2024 and replaced it with new tests.

What was Lifetime Allowance?

Until 6 April 2024 you could earn or save up to £1,073,100 across all your pensions during your working life, before paying tax. This was your Lifetime Allowance.

How did I work out how much Lifetime Allowance I use?

It depends on what type of pension you have.

Although £1,073,100 sounds high, the way your pension is valued means you could reach this.

Defined benefit pensions

Here is how we used to value your defined benefit pension:

- we multiply your final pension by 20 and we add,
- any lump sum we will pay you

Contact us



pensions@churchofengland.org



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You will have a defined benefit pension with us if you are in one of these schemes:

- Clergy pension scheme
- Defined Benefit section of CWPf
- Pension Builder Classic
- Defined Benefit Section of CAPF

Defined contribution pensions

This is easier to work out. We took your final pot value and worked this out as a percentage of your Lifetime Allowance. Again, ask us to work this out for you.

You will have a defined contribution pension with us if you are in one of these schemes:

- Pension Builder 2014
- Defined Contribution Section of CAPF

When did I trigger Lifetime Allowance?

There were up to 13 events where you might have triggered the Lifetime Allowance.

These 13 events were called 'Benefit Crystallisation Events'. They were usually based around times when you might access your pension.

We would have let you know if you triggered any of these events with us and sent you how much Lifetime Allowance you used. Your other pension provider will have done the same.

Every time you used up some of your Lifetime Allowance, it was up to you to keep track of how much you had left.

How did I get protection?

If you thought you might go over your Lifetime Allowance, or you might get close to it, you could apply for protection.

This could stop or limit your tax charge. Find out more at gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance

What was the tax charge and who pays it?

If you went over your Lifetime Allowance you only had to pay tax on the amount you exceeded it by.

How much tax you paid depends on whether you took the excess as a pension or a lump sum. A lump sum was taxed at 55% and pension was taxed at 25%.

If you went over your Lifetime Allowance and needed to pay a tax charge, your pension scheme could take this from your pension.

This leaflet reflects our understanding of current legislation and practice. You should always talk to a financial or legal adviser if you need specific guidance or advice.