



Executive Pension Plans (EPP) - Summary of main rules

These are pensions savings arrangements set up by an employer for a small group of employees, known as members.

	Rules up to 5 April 2006	Rules from 6 April 2006 to 5 April 2011)	Rules from 6 April 2011
<i>Maximum Contributions and tax relief</i>	<p>15% of total remuneration in a tax year (subject to the earnings cap of £105,600 for the tax year 2005/06 for members joining after 1 June 1989).</p> <p>Tax relief is usually given through the Pay As You Earn system.</p>	<p>Unlimited contributions are allowed but those above the Annual Allowance (£255,000 in 2010/11) will receive a tax charge of 40%.</p> <p>This limit applies in total to your EPP policy and any other pensions you may have.</p> <p>Tax relief is usually given through the Pay As You Earn system. Members receive tax relief on up to 100% of earnings.</p>	<p>Unlimited contributions are allowed but those above the Annual Allowance (£50,000 in 2011/2012 onwards) will receive a tax charge of up to 50%. This limit applies in total to your EPP policy and any other pensions you have.</p> <p>Tax relief is usually given through the Pay As You Earn system. Members receive tax relief on up to 100% of earnings.</p> <p>It is possible to carry forward unused Annual Allowance from up to three earlier tax years.</p>
<i>Maximum Benefits</i>	<p>A complex set of rules depending on when you joined the EPP scheme.</p>	<p>No limit, but if your total benefits in all pension schemes when added together are over your lifetime allowance you will pay an extra tax charge on the excess.</p> <p>Benefits are usually measured against the standard lifetime allowance (SLA), but a higher lifetime allowance may be available if certain conditions are met. The SLA is £1.8m in 2010/11.</p>	<p>No limit, but if your total benefits in all pension schemes when added together are over your lifetime allowance you will pay an extra tax charge on the excess.</p> <p>Benefits are usually measured against the standard lifetime allowance (SLA), but a higher lifetime allowance may be available if certain conditions are met. The SLA is £1.8m in 2011/12 and is reducing to £1.5m from 2012/13.</p>
<i>Permitted Normal Retirement Ages</i>	<p>Minimum: 50 Maximum: 75</p>	<p>Minimum: 50 (55 from 6 April 2010) Maximum: 75</p>	<p>Minimum: 55 No Maximum age</p>



<p><i>Maximum Tax Free Cash (TFC)</i></p>	<p>A complex set of rules depending on which regime you belong to.</p>	<p>25% of the fund value subject to a maximum of 25% of the SLA (£450,000 for 2010/11). This limit applies in total to your EPP policy and any other pensions you have.</p> <p>Please note: TFC rights in excess of 25% earned by 5 April 2006 are automatically protected. You will need to provide information for us to calculate any higher entitlement.</p>	<p>25% of the fund value subject to a maximum of 25% of the SLA (£450,000 for 2011/12). The maximum tax-free cash allowed after age 75 is 25% of your fund as at your 75th birthday. This limit applies in total to your EPP policy and any other pensions you have.</p> <p>Please note: TFC rights in excess of 25% earned by 5 April 2006 are automatically protected. You will need to provide information for us to calculate any higher entitlement.</p>
<p><i>Maximum amount to be commuted as a lump sum under triviality rules</i></p>	<p>Available between age 50 and 75.</p> <p>The total combined fund value from the main scheme, and any related FSAVC and AVC benefits must not be able to provide a pension of more than £260 a year.</p>	<p>Available between age 60 and 75.</p> <p>The combined fund value of your EPP policy and any other pensions you have must not exceed 1% of the SLA (£18,000 in 2010/11).</p>	<p>Available from age 60 onwards.</p> <p>The combined fund value of your EPP policy and any other pensions you have must not exceed 1% of the SLA (£18,000 in 2011/12).</p> <p>When the SLA reduces to £1.5m in 2012/13 the 1% link is lost and the 'triviality limit' becomes a flat-rate £18,000.</p>
<p><i>Death Before Retirement Benefits</i></p>	<p>A complex set of rules depending on when you joined the EPP scheme.</p>	<p>The fund can be paid as lump sum. This is tax-free up to the SLA, but there will be a tax charge on any excess.</p> <p>AND/OR</p> <p>Alternatively the fund can be used to provide a dependant's annuity.</p>	<p>The fund can be paid as lump sum.</p> <p>If you die before your 75th birthday, this is tax-free up to the SLA, but there will be a tax charge on any excess.</p> <p>If you die after age 75, there is an automatic 55% tax charge on the lump sum.</p> <p>AND/OR</p> <p>Alternatively the fund can be used to provide a dependant's annuity.</p>



<i>Death After Retirement Benefits</i>	The balance of any guarantee period and/or a dependant's annuity bought by the fund.	The balance of any guarantee period (paid as a pension). OR A lump sum* payable provided death occurs before age 75. This will equal the amount used to buy the pension minus any gross income payments. This value is then subject to a 35% tax charge. A dependant's annuity may also be payable.	The balance of any guarantee period (paid as a pension). OR A lump sum* equal the amount used to buy the pension minus any gross income payments. This value is then subject to a 55% tax charge. This lump sum can be paid if you die before or after your 75 th birthday. A dependant's annuity may also be payable.
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* Windsor Life does not offer this kind of lump sum.
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