



Retirement Annuity Contracts - Summary of main rules

These are private pensions savings started before 1 July 1988, built up from personal contributions – they are sometimes referred to as Section 226 contracts

	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>	Age dependent contributions between 17.5% and 27.5% of net relevant earnings. Personal contributions receive tax relief but are paid as gross contributions.	Unlimited contributions are allowed but those above the Annual Allowance (£255,000 in 2010/11) will receive a tax charge of 40%. This limit applies in total to your retirement annuity policy and any other pensions you have. Contributions receive tax relief on up to 100% of earnings but are paid as gross contributions.	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 retirement annuity policy and any other pensions you have. Contributions receive tax relief on up to 100% of earnings but are paid as gross contributions. It is possible to carry forward unused Annual Allowance from up to three earlier tax years.
<i>Maximum Benefits</i>	No limits	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. 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/.	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. 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.
<i>Permitted Normal Retirement Ages</i>	Minimum: 60 Maximum: 75	Minimum: 50 (55 from 6 April 2010) Maximum: 75	Minimum: 55 No Maximum age



<p><i>Maximum Tax Free Cash</i></p>	<p>3 times the remaining annuity.</p> <p>For policies taken out after 16 March 1987, there is a limit of £150,000.</p>	<p>25% of the fund value subject to a maximum of 25% of the SLA (£450,000 for 2010/11).</p> <p>This limit applies in total to your retirement annuity policy and any other pensions you have.</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.</p> <p>This limit applies in total to your retirement annuity policy and any other pensions you have.</p>
<p><i>Maximum amount to be commuted as a lump sum under triviality rules</i></p>	<p>Not permitted.</p>	<p>Available between age 60 and 75.</p> <p>The combined fund value of your retirement annuity 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 retirement annuity 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>Return of the fund or a dependant's annuity bought by the fund.</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 Lifetime Allowance, 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>



<p><i>Death After Retirement Benefits</i></p>	<p>The balance of any guarantee period and/or dependant's annuity bought by the fund.</p>	<p>The balance of any guarantee period (paid as a pension).</p> <p>OR</p> <p>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.</p> <p>A dependant's annuity may also be payable.</p>	<p>The balance of any guarantee period (paid as a pension).</p> <p>OR</p> <p>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 75th birthday.</p> <p>A dependant's annuity may also be payable.</p>
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* Windsor Life does not offer this kind of lump sum.
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