



DEFEND CONTROL JOBS
AN INJURY TO ONE IS AN INJURY TO ALL

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**TO: BRIGADE SECRETARIES
REGIONAL PENSION CO-ORDINATORS**

Dear Brother/Sister,

Restricting Pension Tax Relief - Through Existing Allowances

You may be aware that the FBU submitted a response to the Treasury proposal to restrict pension tax relief and provided a briefing to officials with examples on what it could mean to members. (These documents can be viewed on the FBU website). The Government has announced the changes that will take place for restricting pension tax relief which are summarised below:

- (1) Annual Allowance (AA) reduced from £255,000 to £50,000 from April 2011.
- (2) Lifetime allowance (LTA) reduced from £1.8 million to £1.5 million from April 2012.
- (3) Deemed contributions to defined benefit schemes calculated using a simple "flat factor" method set at 16.
- (4) Proposal that unused allowance from up to three previous years will be carried forward to offset against the excess contribution.

Further details on how the AA test would apply on cases of ill-health have not been fully concluded yet, but it has been confirmed that exemptions will not be granted in cases of redundancy.

The Government has also announced that it will consult on options to give individuals and schemes more flexibility over the payment of these charges in November 2010, for cases where the tax charges incurred are unmanageable from current income.

The Treasury's paper which includes a summary of the responses to the previous discussion document can be accessed by following the link.

http://www.hm-treasury.gov.uk/d/restricting_pensions_summary141010.pdf

(You will notice that the FBU is listed in the list of respondents in Annex D.1 of the paper)

Further information with more details on the effects of this decision, along with worked examples, will be presented to officials and members as they become available.

Yours in Unity,

SEAN STARBUCK
National Officer

SS/EMH