

Case Study

Understanding your financial entitlements



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When I spoke to some pension members they weren't aware that they could claim more than 25% tax-free cash from their pension. For some schemes, I was able to provide them with an approximate tax-free cash pension entitlement by knowing their incomes and pension values from April 2006. For others, we ascertained enough information to work out if there was likely to be enhanced tax-free cash available and then ensured the relevant forms were completed, so this valuable benefit was not lost.

Deb Nolan, Independent Financial Adviser, Leeds & Bradford

Current situation

Deb Nolan spends much of her time giving pension advice. She also has the Chartered Institute of Insurance (R08) Pensions Update qualification.

She has advised many members of money purchase occupational pension schemes, some of whom

have scheme-specific tax-free cash protection. This means those members had a right to more than 25% tax-free cash from their pensions when the rules changed on 6 April 2006 and this was protected for them.

How Deb added value with her independent financial advice

□ Understanding the entitlements of occupational pension schemes and how the rules apply

Deb is aware of how the tax-free cash pension legislation changed in 2006 and how it can affect certain occupational pension scheme members. In her experience, some members were unaware of their entitlement, but found their pension providers didn't mention the enhancement at all, which could be extremely detrimental if it was missed altogether. She managed to point out cases where there might be entitlement, explore this with the relevant provider and, in many cases, ensure the member received the enhanced amount of tax-free cash.

Deb discovered other members found that their pension provider said they 'might' have an entitlement and were sent lengthy forms to complete. Many of the questions on those forms were asking for information from over ten years ago and many members were struggling to complete them. Deb investigated such cases, ascertained what information the provider already held and, helped the members complete the forms, liaising with the providers in order to get all relevant information.

Key considerations for a client with complicated pension entitlements

- Seek independent financial advice to ensure that you receive all the pension benefits you are entitled to
- Regularly check how much your pensions are worth and inform your pension provider if you change your address
- Always complete a pension scheme nomination form and review it regularly

Summary

The pension members eventually received the correct tax-free cash lump sums, in excess of the standard 25% entitlement. Due to Deb's perseverance in obtaining relevant and accurate information, many members benefited from paying much less tax. Lonsdale Services won the Retirement Planner national award for Outstanding Customer Care by submitting this client case study.

For a free initial consultation contact Deb Nolan on 0113 287 9655 or email dnolan@lonsdaleservices.co.uk

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