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WARNING: The information in this case study was correct at the date of issue (June 2021) and may have changed.

September 2021

Lenny and his Lifetime Allowance (LTA) Case Study:

Asset	Value
House	£400,000 (no mortgage)
Defined contribution group personal pension scheme	£500,000
Defined benefit group personal pension scheme	Full pension at 65 £36,000 per annum or £154,285 pension commencement lump sum and £23,142 per annum CETV - £945,000
Defined contribution personal pension scheme	£8,000
Stocks and Shares ISAs	£100,000

Lenny has been running down his ISA using the withdrawals to make large contributions to his GPP in the run up to retirement.

The value of all his pensions at 5 April 2016 was less than £1m.

Planned Expenditure

Lenny doesn't feel that he needs any more capital, he views his ISA holdings as sufficient. His bank account ticks over nicely. The main thing for Lenny is having a regular income stream that can fund the nice little extras for him and his family. After analysing his income needs and spending plans each year (which includes holidays for the whole family etc.) he'll need £3,820 per month net (£45,840 each year).

He is due to receive his state pension at age 66 and will receive £4,800 per annum. If this is taxed at basic rate, he would receive £3,840. Therefore, he'll need another £42,000 net (if taxed at basic rate). For any total income figures quoted in this case study, the state pension will be ignored, as this will be paid to Lenny regardless (as he's not deferring this).

Lenny describes himself as cautious and wants to know how he can meet his retirement needs but is concerned about how the LTA will affect this and if possible, would like to minimise any LTA charges. Whilst he is cautious, he is aware of the fact that pension death benefits can be passed down the generations and would like to leave something from these if possible, but not at the expense of his own lifetime plans.

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