

# FACT SHEET

## FIXED PROTECTION

APPROVED FOR CLIENT USE | APRIL 2022



**The lifetime allowance protection rules are very complicated. We recommend that you speak to an adviser if you are affected. We have a separate fact sheet about the normal lifetime allowance rules which you may wish to read before this one.**

### Definitions

#### What is fixed protection?

For the first six years after the lifetime allowance was introduced, it increased each year. However, from April 2012 it began to decline: it dropped in 2012 (from £1.8m to £1.5m), 2014 (from £1.5m to £1.25m) and again in 2016 (from £1.25m to £1m).

There are three forms of fixed protection: one for each of the reductions. Fixed protection helped to make sure that people weren't unfairly disadvantaged by the reduction, by 'fixing' their lifetime allowance at the old value.

### Rules

#### Who was eligible to apply for fixed protection?

You could apply for fixed protection 2012 as long as you didn't already have enhanced protection or primary protection. For the 2014 and 2016 versions, you also couldn't already hold an earlier form of fixed protection.

#### Can I still apply for fixed protection?

You can still apply for fixed protection 2016 as long as you still meet the eligibility criteria and haven't done anything since 6 April 2016 which would have caused you to lose the protection if you'd already applied for it.

You can no longer apply for fixed protection 2012 or 2014.

#### How does fixed protection work?

Fixed protection is the simplest form of protection: it simply means that you get to keep the old, outgoing standard lifetime allowance figure. Therefore:

- Fixed protection 2012 gives you a lifetime allowance of £1.8m
- Fixed protection 2014 gives you a lifetime allowance of £1.5m
- Fixed protection 2016 gives you a lifetime allowance of £1.25m.

If the standard lifetime allowance increases above one of these levels in the future, the fixed protection no longer applies and you can benefit from the higher standard lifetime allowance.

#### Does fixed protection increase PCLS (tax free cash) entitlement?

Yes. Instead of your total PCLS entitlement being based on a quarter of the standard lifetime allowance, it is based on a quarter of your fixed protection amount instead.

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## Can I lose fixed protection?

Fixed protection can't be given up voluntarily but it can be lost.

Generally speaking, accruing any new pension savings will cause you to lose fixed protection. You'll also lose your protection if you don't opt out of your employer's auto-enrolment scheme within the statutory window each time you are enrolled. It's ok if your existing pension funds increase in value due to investment growth, and you shouldn't encounter any problems with transferring existing pension funds between providers. However, full details of the ways fixed protection can be lost are beyond the scope of this fact sheet, and we strongly recommend that you speak to an adviser before making any changes to your pensions if you hold fixed protection. You can also find more information by searching "losing the protection" (including the quotation marks) on [www.gov.uk](http://www.gov.uk)

## Important points to consider

The value of pension funds may fall as well as rise. Your money is tied up until you take your benefits. Benefits can generally be taken any time after age 55, although this is due to increase to 57 in 2028.

## Contact Details

If you'd like to speak to us about anything on this fact sheet, please contact us on:

**T 01473 296 950**

We may record and monitor calls. Call charges will vary.

**E [enquiries@curtisbanks.co.uk](mailto:enquiries@curtisbanks.co.uk)**

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