Can I take my pension plan(s) as a triviality lump sum?

You only need to use this guide if you have a defined benefit plan, are retiring now, are aged over 55 and have more than one pension plan, including any you’ve started taking retirement benefits from.

If you have more than one pension plan, this guide will help you work out whether you’re eligible to take this pension plan as a triviality cash lump sum. If you are eligible, you need to complete the triviality option of the ‘Retiring now’ form. We will only include the triviality option on the form if we believe you may be eligible for this based on the value of your pension plan with us.

To help you work out whether you can take this pension plan as a triviality cash lump sum, you need to work out the total value of all your pension plans, and whether the total is no more than £30,000.

Just follow the steps set out below, using the flow chart (page 3) provided to help you. You can also ask your pension providers to give you the information you need about your plans. If you’re a member of an occupational pension scheme, the scheme trustees will be able to provide you with the necessary information.

You don’t need to include income received from state pension benefits or dependant's pension income received as a widow/widower/surviving civil partner/dependant of a deceased pension scheme member.

Step 1 – List all of your pension plans

Use the table below to enter the details of all your pension plans, including any you’ve already started taking retirement benefits from and those you are planning to take at a later date.

Our flow chart (page 3) will help you complete the table below, including:

- those plans where you have already taken retirement benefits
- those plans where you may have transferred your retirement benefits from a UK pension scheme to an overseas pension scheme
- those you are planning to take retirement benefits from at a later date.

Start by entering a description or name of the arrangement in the first column, and then go to Step 2.

<table>
<thead>
<tr>
<th>Name/Description</th>
<th>Pension fund amount (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(e.g.) Aviva</td>
<td>Personal Pension Plan</td>
</tr>
</tbody>
</table>
Step 2 – Find the value of each of your pension plans

The next step is to get the value for each of your pension plans, including those that you are planning to take retirement benefits from at a later date or have already started taking. This information should be available in your annual statement(s), but, if it isn’t, you may need to contact either your pension providers or the scheme trustees to get this.

The flow chart on the next page will help you through this step for each of the plans.

Once you have this information, add this to the pension fund amount (£) column in the table provided at Step 1.

Step 3 – Use the table below to find the triviality limit for current tax year

<table>
<thead>
<tr>
<th>Current tax year</th>
<th>Triviality limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015/2016</td>
<td>£30,000</td>
</tr>
</tbody>
</table>

Step 4 – Working out whether you are able to take your pension plan as a triviality cash lump sum

If the total amount of your pension plan(s) is less than the triviality limit for the current tax year, you can take this pension plan as a triviality cash lump sum. 25% of the payment will be tax free. The remaining 75% will be taxed under PAYE.

However there are important rules on how you take this, **if you have more than one pension plan:**

- All triviality payments must be taken within twelve months of the first triviality payment you receive. This also applies even if you have started taking benefits.

- A nominated date is set when the first triviality payment is taken. This is the date when all your pension plans were valued to see if you were eligible for the triviality option. Any growth after that date will not be taken into account. This date can be up to three months before the first triviality payment you receive. If you have not been advised of a nominated date, please contact your pension provider and ask them to give you the date.

- You may not be able to make further contributions to any of your plans after the nominated date.
You’ll need to use this flowchart for each separate pension plan you have, including ones you have already started taking retirement benefits from. If you end up on the red box at any time, you will not be able to take triviality benefits from any of your pension plans.

**Start**

- **Have you already received any retirement benefits/income?**
  - If you have taken part of your benefits from a plan, you will need to answer both ‘yes’ and ‘no’ to this question, when following the flowchart for that arrangement.

- **Are you planning to take the benefits now?**
  - **NO**
  - **YES**
    - **The information you will need to fill in the table in Step 1 will be on your illustration.**

- **Did you receive a triviality payment rather than an income or a stand-alone cash lump sum?**
  - **NO**
  - **YES**
    - **Was this payment received more than 12 months before the retirement date on your illustration?**
      - **NO**
      - **YES**
        - **You can’t take this plan as a triviality payment.**

- **Did you receive a small lump sum from your employer’s company pension scheme that was paid on or after 1 December 2009 and was £2,000 or below (or £10,000 or below in respect of payments on or after 27 March 2014)?**
  - **AND/OR**
  - **Did you receive up to three small lump sum payments from a scheme that is not an occupational pension scheme, and for payments between 6 April 2012 and 26 March 2014 each payment was no greater than £2,000, and for payments on or after 27 March 2014, each payment was no greater than £10,000?**
    - **YES**
    - **NO**
      - **Was this a triviality payment of more than £2,000 for payments before 27 March 2014, or more than £10,000 for payments on or after 27 March 2014?**
      - **YES**
      - **NO**

- **The pension provider paying your income or stand-alone lump sum will have provided you with a % of the lifetime allowance you used at the time. To convert this into a value, you need to take the percentage of lifetime allowance used and multiply it by the lifetime allowance that was in force at that time. Enter this figure in the table in Step 1.**

**Example calculation:**

- Lifetime allowance used is 0.5%.
- Retired in the 2006/2007 tax year when the lifetime allowance was £1.5m.
  - \[0.5\% \times £1.5m = £7,500\]

- **You can ignore this payment**

- **Yearly pension at 5 April 2006 x 25**
  - Enter this figure in the table in Step 1.

- **Did you receive a triviality payment rather than income?**
  - **YES**
  - **NO**

- **Use your pension fund transfer value at the nominated date or yearly pension multiplied by 20 if the pension is from a defined benefit/ final salary scheme. Enter this figure in the table in Step 1.**

- **If you do not know whether your pension is from a defined benefit/final salary scheme, your adviser or pension provider will be able to tell you.**

- **Enter the value of the protected tax free lump sum in the table in Step 1, you may need to get this from your pension provider.**

- **Get the gross triviality payment value from your pension provider. They will also tell you the nominated date. Enter this figure in the table in Step 1.**