Benchmark

Tax information guide 2024

Fusion Wealth SIPP

The information in this document assumes that you're a UK resident. If you live or move abroad, some of the information may not apply to you. Similarly, if you're a beneficiary of a deceased pension scheme member, some information may not be relevant to you.

Tax on pensions can be complex. This guide is designed to provide helpful information about the current tax environment for pensions, but it should not be considered a substitute for professional advice, which is tailored to your circumstances. If you need further help or information relating to tax and your pension, we strongly recommend you speak with your financial adviser.

Tax and contributions

Tax relief limits on personal contributions

If you're under age 75 and classed as a 'relevant UK individual' by HM Revenue & Customs (HMRC), you're normally entitled to receive income tax relief on your pension contributions. The most you can contribute while claiming tax relief each tax year is the higher of:

- 100% of your 'relevant UK earnings' for that tax year
- £3,600.

This limit applies across all your UK tax approved pension schemes collectively, rather than each one individually.

Contributions paid above this amount will not receive any tax relief. Your adviser will be able to tell you how HMRC defines 'relevant UK earnings' and what the rules are if you stop being a UK resident or 'relevant UK individual'.

If anyone else (other than your employer) contributes on your behalf, these contributions are treated for tax purposes as if paid by you (and therefore fall within the above tax relief limit). We refer to these as third-party contributions.

You do not receive tax relief on contributions made by your employer, which are paid gross to your pension. Employer contributions do not count towards the above tax relief limit, although they do count against your annual allowance or money purchase annual allowance (as described later in this guide). Accessing your pension savings at a time of volatility in the financial markets means your pension savings may be worth significantly less than they were previously.

Relief at source

We claim basic rate tax relief (currently 20%) from HMRC on any personal or third-party contributions made to your Fusion Wealth SIPP. This means that for every £80 paid as a net contribution, your pension will receive £20 of tax relief, which we automatically claim on your behalf. It's this £100 gross contribution that would count towards the above limit on tax-relievable contributions in the tax year (and towards the annual allowances outlined below).

Under the current rules you'll receive the same amount of tax relief if you live in Scotland or Wales (where the starting tax rate can be different to the basic rate in the rest of the UK).

If you pay income tax over the basic rate (for example if you're a higher or additional rate taxpayer, or an intermediate taxpayer in Scotland) then you can claim additional tax relief from HMRC through your Self-Assessment tax return or by contacting them. For further information please visit www.hmrc.gov.uk.

Any tax we reclaim on your behalf will be invested in your Fusion Wealth SIPP once we receive it from HMRC. This usually takes 6-11 weeks from when the contribution is paid. Until we receive the tax relief, you cannot invest the sum due.

Your responsibilities

If you stop being a UK resident or 'relevant UK individual' please speak to your financial adviser about how this affects your tax relief position. You must also notify us.

As per the declarations you make (or your adviser makes on your behalf) when setting up your Fusion Wealth SIPP, you must not knowingly make contributions that aren't eligible to receive tax relief without telling us beforehand. A copy of this declaration will have been (or will be) sent to you. If an event occurs that means you're no longer entitled to tax relief on your contributions, you must tell us within 30 days or by 5 April in the year of assessment when the event occurs (whichever is later).

Personal and third-party contributions to your Fusion Wealth SIPP will receive tax relief in the way described above. However, there are also limits on the total amount of pension savings (including employer contributions) you can accrue in a tax year under all your UK tax-approved pension schemes without incurring a charge.

These limits are:

- the normal 'annual allowance' (applies to most pension savers);
- the 'tapered annual allowance' (a reduced annual allowance for high-earners); and
- the 'money purchase annual allowance' or MPAA (applies in addition to the annual allowance or tapered annual allowance, for people who have flexibly accessed their pension savings).

If you make contributions to your Fusion Wealth SIPP that breach the allowance(s) that apply to you, you'll be subject to a charge that effectively cancels out any tax relief received on the excess amount.

Contributions can only be refunded in very limited circumstances as set out by HMRC.

Each of these allowances is described in more detail below.

The annual allowance

The annual allowance is the maximum amount of pension savings you can accrue each tax year under all UK tax-approved pension schemes without incurring a charge. This applies to most pension savers.

The annual allowance is £60,000 in the 2024/25 tax year.

In ‘money purchase’ pensions, such as your Fusion Wealth SIPP, the following savings count towards your annual allowance:

- tax-relievable personal and third-party contributions (including the value of the tax relief) made before you turn 75
- employer contributions.

If you have other types of pensions, such as ‘defined benefit’ schemes, ‘cash balance’ arrangements, or ‘hybrid’ arrangements, the amount that is tested against the annual allowance is not necessarily the same as the value of the contributions. If you have any of these types of pensions, they will be able to tell you the value that counts towards your annual allowance.

If you exceed your annual allowance, you’ll pay a charge at your marginal rate of income tax on the excess.

If you’ve not used all your annual allowance in any of the previous three tax years, then you may be able to ‘carry forward’ the unused allowance to the current tax year. This would increase the amount you could save before facing an annual allowance charge.

If you’ve exceeded the annual allowance in one of the three most recent tax years, you might need to look back further to calculate how much you can carry forward. This might mean you need to consider old carry forward rules in your calculations. We strongly recommend that you speak to your financial adviser for more information about the carry forward rules and for help completing any calculations.

Carry forward can increase your annual allowance for a tax year, but it doesn’t change how much tax relief you’re entitled to. This will always be based on your ‘relevant UK earnings’ for the tax year when the contributions are paid, as described in the ‘tax relief limits on personal contributions’ section above.

You’re responsible for monitoring your annual allowance position and declaring any tax liability arising in a tax year to HMRC through your Self-Assessment return. You’re personally liable for your annual allowance charges; however in some circumstances you can ask us to pay the charge on your behalf from your pension savings.

The tapered annual allowance

If you’re classed as a ‘high-income individual’ for a tax year, your annual allowance for that year is reduced on a tapered basis. In the 2024/25 tax year, you’re classed as a high-income individual if your ‘threshold income’ is above £200,000 and your ‘adjusted income’ is above £260,000 – although these figures have changed over the years since the tapered annual allowance was introduced on 6 April 2016. Broadly speaking your ‘threshold income’ is your taxable income for the year excluding pension contributions, and your ‘adjusted income’ is your taxable income including pension contributions. However, the exact definitions are more complex, and you’ll need to speak to your adviser to help you assess if you’re affected.

In the 2024/25 tax year, your annual allowance is reduced by £1 for every £2 of ‘adjusted income’ you have above £260,000, subject to a minimum annual allowance of £10,000 if your ‘adjusted income’ is £360,000 or more.

If your ‘threshold income’ is less than £200,000 then the tapered annual allowance will not apply to you that tax year, even if your ‘adjusted income’ is above £260,000.

The ‘taper’ is calculated each tax year, depending on your income that tax year, as well as the ‘threshold income’, ‘adjusted income’ and minimum allowance values for that year.

You can still use carry forward as described in the ‘annual allowance’ section above if you’re subject to the tapered annual allowance. The amount you have available to carry forward will be based on your tapered annual allowance for each relevant tax year, rather than the standard annual allowance for that year.

The money purchase annual allowance (‘MPAA’)

If you access your Fusion Wealth SIPP (or any other money purchase pension savings you hold) in one of the ways listed below, you’ll normally trigger the ‘money purchase annual allowance’ rules. These rules are complex. If you may be affected by the MPAA, we recommend you speak to your financial adviser before making any contributions.

The MPAA only applies to money purchase pension savings (and certain rare ‘hybrid’ pension arrangements). It applies to you rather than a specific pension scheme, so it covers all your money purchase pension savings, not just the scheme in which you triggered the MPAA.

The MPAA for the 2024/25 tax year is £10,000. If you exceed the MPAA, you’ll face a charge at your marginal rate of income tax on the excess. You cannot use carry forward to increase the MPAA.

You normally trigger the MPAA if you:

- take an uncrystallised funds pension lump sum (‘UFPLS’) (see the later section on ‘lump sums’)
- take an income payment from a flexi-access drawdown pension
- take income above the maximum annual limit from a capped drawdown arrangement (which would automatically turn it into a flexi-access arrangement)
- start to receive benefits from a ‘flexible lifetime annuity’ (an annuity where the payments can go down, other than in the circumstances permitted for normal lifetime annuities)
- had a flexible drawdown arrangement at any time before 6 April 2015 as a member (and not as a dependant of a deceased member); in this case the MPAA was triggered on 6 April 2015
- take a stand-alone lump sum because you have ‘primary protection’ (see later sections) and a protected tax-free lump sum right which was greater than £375,000 on 5 April 2006
- receive a ‘scheme pension’ from a pension with fewer than 12 pensioners.

If you have an equivalent of one of these ‘triggers’ from an overseas pension scheme that has benefitted from UK tax relief, this will also trigger the MPAA.

The MPAA applies from the day after a trigger event. For that tax year, only contributions made after the trigger event count towards the MPAA.

If you breach the MPAA in any tax year, your annual allowance (or tapered annual allowance) for your other pension savings that tax year is reduced by the value of the MPAA that year.

The following benefit payments will not trigger the MPAA:

- Drawing income from a capped drawdown arrangement within the maximum annual limit.

- Drawing a tax-free lump sum (a 'pension commencement lump sum').
- Taking income from a standard lifetime annuity (i.e. not a flexible lifetime annuity).
- Taking a 'small pots lump sum'.
- Taking pension benefits as a beneficiary of a deceased member.
- Taking benefits from funds you received from an ex-spouse or ex-partner's pension following a divorce or dissolution, where those funds are classified as a 'disqualifying pension credit' under the tax rules.

Lump sum payments

You cannot normally take a lump sum payment before age 55 (or age 57 from 6 April 2028).

If you draw a lump sum whilst living abroad, then you'll need to take advice on the tax position in that country.

Two allowances control the lump sums you're entitled to and how they may be taxed. We've described these in more detail later in this document.

Pension commencement lump sum (PCLS)

When you start drawing benefits from your Fusion Wealth SIPP you can normally take part of your pension benefits as a tax-free lump sum. This is officially called a PCLS but is more commonly known as tax-free cash. In most cases, you can take up to 25% of the value of the funds you are starting to draw benefits from as tax-free cash.

The total amount of tax-free cash you can take from all your pensions is limited by the two allowances mentioned above, which you can read more about later in this document.

In some circumstances you may be able to receive tax-free cash worth more than 25% of the funds that you are starting to take benefits from. This may be the case if either of the following applies:

- You hold enhanced protection or primary protection with linked lump sum protection.
- You held pension rights in an occupational pension scheme before 6 April 2006 that are now held in your Fusion Wealth SIPP, and these transferred rights still have 'scheme specific lump sum protection'.

Different conditions and limits apply to each of the above types of protection.

If you've any of the above protections, please speak to your financial adviser to discuss how it affects your tax-free cash entitlement.

Uncrystallised funds pension lump sum (UFPLS)

You also normally have the option of drawing a lump sum, called a UFPLS, from any funds held in your Fusion Wealth SIPP that you have not started taking benefits from (known as 'uncrystallised funds').

25% of the payment will normally be tax-free, in place of the tax-free cash you could have had from those funds, with the remaining 75% subject to income tax at your marginal rate (as with pension income). We will deduct tax through the Pay As You Earn (PAYE) system before making your payment. You should make sure you understand how much tax you are going to pay before drawing a large lump sum.

A larger portion of a UFPLS may be taxable, depending on how much of the two allowances mentioned above you have available.

Serious ill-health lump sum

If you become seriously unwell and a registered medical practitioner confirms your life expectancy is less than a year, you may be able to take all the funds that you haven't started taking benefits from ('uncrystallised funds') as a lump sum, even if you are not yet 55 (or 57 from 6 April 2028).

If you're under 75 at the time, a serious ill-health lump sum is normally tax-free. However, if the value exceeds your remaining allowances (as described below), the rest will be subject to income tax. If you're 75 or over, a serious ill-health lump sum is fully taxable.

Income payments

You cannot normally draw an income before age 55 (or age 57 from 6 April 2028).

Any drawdown income payments you take from your Fusion Wealth SIPP are subject to UK income tax at your marginal income tax rates. We'll deduct tax through the PAYE system (in the same way employment income is treated). You should make sure you understand how much tax you're going to pay when deciding how much income to draw.

If you decide to secure an income through an insurance company by purchasing an annuity, then the income paid from that annuity will be taxed in the same way.

If you live abroad, or may move abroad when you retire, please speak to your financial adviser about the tax consequences.

Pension funds put into drawdown or used to purchase an annuity don't use up the allowances described below.

Taking benefits

The lump sum allowance (LSA)

From 6 April 2024, the lump sum allowance (LSA) places an overall limit on the amount of tax-free funds you can receive as tax-free cash or as part of a UFPLS (see above) across all your pensions. Each time you withdraw one of these types of pension benefits, it will use up some of your LSA. Once you've used up your LSA, you won't be able to take any further tax-free cash, and any further UFPLS would be fully taxable.

The standard LSA for the 2024/25 tax year is £268,275. If you've a form of protection that previously gave you a higher lifetime allowance, you may have a higher LSA. There's more information about the protections below.

If you took pension benefits before 6 April 2024, your LSA will be reduced to take those benefits into account. We've described how this will work below.

The lump sum and death benefit allowance (LSDBA)

As well as the tax-free lump sums described above, the pension rules also allow for funds to be paid out as tax-free lump sums in some circumstances if you become seriously ill, or when benefits are paid to your beneficiaries after your death.

From 6 April 2024, the lump sum and death benefit allowance (LSDBA) places an overall limit on the amount that can be paid from your pensions tax-free in all these situations. Each time one of those benefits is paid, it uses up some of your LSDBA. Once it's been used up, any further or excess benefits that would otherwise have been tax-free will incur income tax.

The standard LSDBA for the 2024/25 tax year is £1,073,100. If you've a form of lifetime allowance protection, you may have a higher LSDBA. There's more information about the protections below.

If you took pension benefits before 6 April 2024, your LSDBA will be reduced to take those benefits into account. We've described how this will work below.

Benefits taken before 6 April 2024

The lifetime allowance

From 6 April 2006 to 5 April 2024, the lifetime allowance was a way of limiting the overall tax advantages your pension savings could benefit from. It also served to limit how much could be paid tax-free from your pension (both during your lifetime and as death benefits for your beneficiaries), which is why the LSA and LSDBA were introduced when the lifetime allowance was removed.

If you took benefits before 6 April 2024 under the lifetime allowance rules, the amount of lifetime allowance you used may still be important, as it can affect your LSA and LSDBA under the new rules. Similarly, if you had any form(s) of lifetime allowance protection, these can also affect your new allowances. We've explained this further below.

Lifetime allowance transitional rules

Whenever you triggered a lifetime allowance test (known as a benefit crystallisation event, or BCE) from 6 April 2006 to 5 April 2024, your pension provider will have issued you with a certificate confirming how much lifetime allowance the test used up. They should also have sent you an annual reminder of how much lifetime allowance you had used in total from the benefits under that pension scheme.

When you first take benefits from 6 April 2024 under the new rules, your new allowances will be reduced to take into account the benefits you took before. There are two ways this might happen.

Standard transitional calculation - with this option, the amount of lifetime allowance you'd used will be turned into an amount to be deducted from your new allowances. Your LSA will be reduced by 25% of the lifetime allowance you'd used. Your LSDBA will also be reduced by 25% of the lifetime allowance you'd used, unless you've taken a serious ill-health lump sum, or in a situation where the scheme member has passed away and lump sum death benefits have already been paid – in that case, the LSDBA will be reduced by100% of the lifetime allowance used instead.

For example, let's say you'd had £200,000 in a pension in October 2023 and decided to take £50,000 as tax-free cash and put the remaining £150,000 into drawdown. This would have used up £200,000 of lifetime allowance (18.63% of the standard lifetime allowance at the time). If you wanted to take further benefits in June 2024, you would be deemed to have already used £50,000 of your new allowances (25% of £200,000).

If you rely on this method and had already used up 100% or more of your lifetime allowance, you won't have any remaining entitlement under the new allowances.

Transitional tax-free amount certificate - alternatively, you can apply for a 'transitional tax-free amount certificate' from one of your pension providers. These certificates confirm a monetary amount that should be deducted from your new allowances, based on the actual amount of tax-free lump sums you took before 6 April 2024. This might be beneficial if you've taken less than a standard amount of tax-free cash based on your lifetime allowance usage.

For example, let's say in October 2023 you'd decided to use your £200,000 pension to purchase an annuity instead, and had decided to only take £10,000 as tax-free cash so you could use the rest to buy a higher annual income from the annuity. This would still have used up £200,000 of lifetime allowance, and using the normal conversion calculation above would still result in your allowances being reduced by £50,000, even though in reality you took far less tax-free cash. If you applied for a certificate instead, demonstrating that you only withdrew £10,000 as tax-free cash, the certificate would state that only £10,000 should be deducted from your allowances.

You can apply for a certificate to the provider of any pension scheme you're a member of. You'll need to provide complete and accurate records of all your lifetime allowance usage and the tax-free lump sums you've taken. Assuming the provider is satisfied with the information you've provided, they'll send you a certificate confirming how much should be deducted from your new allowances. Whenever you take benefits from any of your pensions, the provider is likely to ask for this certificate so they can calculate your remaining allowances. If a scheme member has already passed away, their personal representatives can also apply to one of the deceased's providers for a certificate so that it can be used in respect of any lump sum death benefits to be paid.

Transitional tax-free amount certificates can't be applied for once any of the payments that use up LSA or LSDBA (see above) have been paid from 6 April 2024. This means you'll need to apply for, and be issued with, a certificate before any such benefits are paid from 6 April 2024.

Benefits taken before 6 April 2006

On 6 April 2006 a major overhaul of previous pension tax rules took place, introducing the main structure that we still have today. The lifetime allowance was introduced at that point.

If you took pension benefits before 6 April 2006, and then triggered a lifetime allowance test, your lifetime allowance was reduced to take those benefits into account – similarly to how today, benefits taken under the lifetime allowance rules will reduce your LSA and LSDBA if you take further benefits from 6 April 2024.

If you took benefits before 6 April 2006 and also had a lifetime allowance test between 6 April 2006 and 5 April 2024, a provider will already have calculated how much lifetime allowance the pre-April 2006 benefits are deemed to have used. This information should have been provided to you when you triggered the lifetime allowance test. If you take benefits from 6 April 2024, that deemed amount of lifetime allowance will be taken into account in the way described above. If you apply for a transitional tax-free amount certificate instead, the provider will need to know about any tax-free lump sums you took before 6 April 2006 as well.

If you took benefits before 6 April 2006 and didn't have a lifetime allowance test between 6 April 2006 and 5 April 2024, you won't have a deemed amount of lifetime allowance used by those benefits. If you take benefits from 6 April 2024, your LSA and LSDBA will be reduced to take the old benefits into account. There's a calculation prescribed in the rules for pension providers to use for this purpose. Your provider will need certain information about your pre-April 2006 benefits to complete this calculation. There's no option to rely on a transitional tax-free amount certificate instead.

Taking benefits: protection

Types of protection

While the lifetime allowance rules were in force, various types of protection existed to give individuals a higher lifetime allowance than the standard amount. Some also increased the individual's tax-free cash entitlement. While the lifetime allowance no longer exists, these protections are still in force and can now increase the protection holder's LSA and/or LSDBA.

You'll only have one of these protections if you or your adviser applied to HMRC by the deadlines set for each protection. If your application was successful, you'll have been provided with a certificate or a reference number from HMRC, which your pension provider(s) will need so they can apply your protection when you take benefits.

These protections are complex; we strongly recommend speaking to your adviser before taking any action in relation to your pensions if you have any form of protection.

Fixed protection

There are three different forms of fixed protection, from 2012, 2014, and 2016. They affect a holder's LSA and LSDBA as follows:

Fixed protection 2012: LSA of £450,000 and LSDBA of £1,800,000

Fixed protection 2014: LSA of £375,000 and LSDBA of £1,500,000

Fixed protection 2016: LSA of £312,500 and LSDBA of £1,250,000

Certain actions used to cause the loss of fixed protection (or make you ineligible to apply). However, if you already held your protection by 15 March 2023, then undertaking those actions from 6 April 2023 will not cause you to lose protection. If you've any questions about this, you should speak to your financial adviser.

Fixed protection 2016 is open for applications until 5 April 2025. The deadlines for fixed protection 2012 and 2014 have already passed.

Individual protection

There are two forms of individual protection, from 2014 and 2016. Individual protection certificates confirm an amount (known now as the 'relevant amount') based on the value of the person's pensions, either on 5 April 2014 (capped at £1,500,000) or 5 April 2016 (capped at £1,250,000) for the respective types.

In each case, where someone has individual protection, their LSDBA will be the relevant amount from their certificate (subject to the cap), and their LSA will be 25% of this amount.

Individual protection 2016 is open for applications until 5 April 2025. The deadline for individual protection 2014 has already passed.

Individual protection can be reduced or lost if your pension funds are reduced by a pension sharing order (where part of your pension is transferred to an ex-partner following a divorce or dissolution).

Primary protection

Primary protection holders are each given a 'primary protection factor' which acts as a multiplier to increase an allowance. This was based on the value of their pensions on 6 April 2006. Primary protection certificates may also include a protected amount of tax-free cash the person is entitled to.

If someone has primary protection, they'll have a higher LSDBA. Firstly, they have an 'underpinned' LSDBA of £1,800,000. Their primary protection factor is then applied to this underpinned LSDBA to give their individual LSDBA amount. For example, if you had a primary protection factor of 0.5, your LSDBA would be:

£1,800,000 + (£1,800,000 x 0.5) = £2,700,000

Primary protection holders will also have an increased LSA, in most cases of £375,000. The situation is more complex for those whose primary protection included lump sum protection; we strongly recommend speaking to your adviser to confirm how your allowances will be affected.

Primary protection factors can be reduced or lost if your pension funds are reduced by a pension sharing order (where part of your pension is transferred to an ex-partner following a divorce or dissolution).

Enhanced protection

Enhanced protection used to work slightly differently from the other protections – it exempted the holder from paying lifetime allowance charges regardless of the value of their pensions. As such, the way it now affects an individual's LSA and LSDBA is more complex. There are also some additional conditions and limitations based on specific types of pension benefits you may wish to withdraw.

If you have enhanced protection, your LSDBA will be based on the value of all your pensions on 5 April 2024.

If your enhanced protection did not include lump sum protection, your LSA will be £375,000. The situation is more complex for those whose enhanced protection included lump sum protection; we strongly recommend speaking to your adviser to confirm how your allowances will be affected.

Certain actions used to cause the loss of enhanced protection. However, as long as you held the protection by 15 March 2023, undertaking those actions from 6 April 2023 will no longer cause you to lose your protection.

Enhancement factors

You may have (or be able to apply for) an enhancement factor if any of the following take place:

- You receive a pension credit following a divorce or dissolution (after 5 April 2006, it would need to be from a pension that's already in payment).
- You accrue pension rights in the UK at a time when you are not a UK resident.
- You transfer rights into a UK pension scheme from an overseas pension scheme.

If you've an enhancement factor, it can be used to increase your LSDBA, other than for the purposes of taking tax-free cash (or the tax-free element of a UFPLS). Your factor will work as a multiplier to increase your normal LSDBA – for example, if your factor is 0.5, your LSDBA would be found with this calculation:

LSDBA + (LSDBA x 0.5)

Enhancement factors don't have any effect on your LSA, unless the factor is from a pension credit you received before 6 April 2006. In that case, the factor can be applied to the standard

LSA in the way described above, with a maximum LSA of £375,000.

Death benefits

When you die, any funds remaining in your Fusion Wealth SIPP will be used to provide benefits for one or more of your beneficiaries. They'll normally be able to choose between taking a lump sum or using the funds to provide a pension benefit (by putting them in drawdown or using them to purchase an annuity). A beneficiary that isn't an individual (for example, a trust or charity) can only receive a lump sum.

If you die before age 75 then benefits will normally be paid tax-free to your beneficiaries. However:

- If the benefits are paid as a lump sum within two years of us being notified of your death (or within two years of when we could reasonably be expected to know of it), they'll only be tax-free up to your remaining lump sum and death benefit allowance (see above). Any excess will be subject to tax. We'd pay the lump sums without deducting tax; HMRC will contact the beneficiary or beneficiaries directly to reclaim any tax owed.
- If the funds were uncrystallised, or if the benefits are paid as a lump sum, the benefits will need to be distributed to your beneficiaries within two years of us being notified of your death (or within two years of when we could reasonably be expected to know of it) to be paid tax-free. Otherwise, they'll become entirely taxable. We'd deduct this tax using PAYE (the same way an employer taxes salary) and pay the remainder to the beneficiary or beneficiaries. In this scenario, if the payment is a lump sum to a non-individual (such as a trust), it is taxed at 45%.

If you die after turning 75, the value of your pension can still be passed to your beneficiaries, who'll pay income tax at their marginal rate on any payments they receive. Where a lump sum is paid to a non-individual (such as a trust), the rate of tax is set at 45%. All tax due will be deducted by us and paid directly to HMRC.

A lump sum paid to a registered charity is normally tax-free (provided you have no surviving dependants and nominated the charity yourself) and not tested against your remaining LSDBA.

All benefits paid from your Fusion Wealth SIPP on your death are normally outside your estate and free of inheritance tax. There are circumstances where this would not be the case. We recommend you speak to your financial adviser for more information.

This Tax Information Guide is issued by Bright Square Pensions Limited and should be considered only in conjunction with discussion with your financial adviser. Bright Square Pensions Limited does not accept any liability should the Guide be used for any other purpose.

This Guide provides general information about how the various tax reliefs and allowances work, focussing on how these affect your Fusion Wealth SIPP. It is based on our understanding of current UK tax legislation and HMRC practice at the date this document was produced.

Tax treatment will depend upon an individual's circumstances and is subject to change in the future.

If you think you might be affected by any of the allowances or issues discussed in this Guide, we strongly recommend you speak to your financial adviser before making any contributions or drawing any benefits. Bright Square Pensions Limited is not permitted to give financial or tax advice.

Benchmark