

* Important Information for Employers *

The Implications of Fixed Protection for New and Existing Employees of Group Life Assurance schemes

Over the past few years, the Lifetime Allowance (the maximum value of pension savings you can have without paying an additional tax charge) has been reducing. In 2012 the lifetime allowance was £1.8m but the Government has reduced this significantly and it now stands at £1,030,000 for the 2018/19 tax year.

Under the same measures, the Government also provided a facility for individuals to preserve the higher Lifetime Allowance by applying for Fixed Protection.

However there are certain circumstances which can cause those individuals to lose their Fixed Protection benefit and we have outlined these below.

An employee will lose their Fixed Protection:

- If they are a **new employee** with Fixed Protection and are added to a registered Group Life Assurance (GLA) scheme with the organisation.
- If they are an existing employee with Fixed Protection and they are included in a new registered GLA scheme set up by the organisation. A new scheme is a scheme new to the employee, so does not include an existing GLA scheme that is switching the Lump Sum Death Benefit to another insurer.

It is essential to establish whether your existing/new employees have Fixed Protection and if any of the above applies or may apply so that they are made aware of this at the earliest opportunity.

What should I do now?

There are measures that can be taken to protect employees who may be affected by the above conditions.

You or the employee should contact us on 01789 263257 so that we can provide the appropriate advice and set up alternative arrangements for them.