

POTENTIALLY SAVE YOURSELF £1,000s -
JOIN ALACE AND USE ITS PENSIONS SERVICES

Pensions are complicated: Taxation is complicated: Rules keep changing
Too busy to try to understand it all?
Think you are too young to bother?

THINK AGAIN - YOU'RE NEVER TOO YOUNG!

Want to retire before 66 or 67? Know the implications and cost to you?
If you don't know the choices open to you it could cost you dearly!
Let ALACE help you find your way through the maze.
See examples on next page.

In addition to all the other services expected of a registered trade union, being a member of ALACE can also give you access to:-

- a **free** personal and confidential service which:-
 - looks at your own position,
 - highlights the potential issues and costs facing you,
 - guides you through the questions to ask your pension fund and other experts to get accurate information and estimates to inform your decisions, and
 - can put you in touch with reliable experts on the LGPS and personal financial planning.
- **free** support on pension matters, including:-
 - Frequently Asked Questions and Answers explaining, in layperson's terms, how the LGPS and pension taxation (particularly Lifetime and Annual Allowances) work,
 - regular updates when the LGPS rules and relevant taxation legislation change;
- **free** support in responding to Government consultations, and negotiating on your behalf with Government, on proposed changes which could adversely affect high-earners,
- accredited experts on complex pension issues and on financial planning and investment opportunities, at a discounted rate.

Contact ALACE Honorary Secretary, Ian Miller, at alacehonsec@yahoo.co.uk or on 07515 190917 to discuss becoming a member of ALACE.

EXAMPLES OF HOW ALACE HAS HELPED ITS MEMBERS

Individual cases vary but the boxes below show examples of how ALACE's Pension Services, and the experts it uses, have been able to help over 200 of its members up to July 2017.

Lifetime Allowance (LTA)

District Council Chief Executive, aged 57, salary of approximately £133,000 pa, with 30 years pensionable service in the LGPS, and a normal pensionable age (NPA) of 66.

ALACE able to show her that:-

- she was eligible to apply for Individual Protection 2016 (IP16) that gave her a personal LTA higher than the current standard one of £1 million. This would **save her about £130,000 in LTA related tax charges whenever she retired**;
- in addition, if she retired at her NPA of 66 (or was retired early compulsorily by her authority before then), she could, by taking the maximum tax free lump sum she could, **save about a further £70,000+ in LTA related tax charges and get about a further £200,000 tax free in her lump sum** in addition to the £112,000 she was expecting – **saving her in total (including the £130,000 from IP16) about £300,000 in tax.**
- by taking the larger lump sum **her pension would reduce by about £16,700** pa but, since she would be paying 40% income tax on this "lost" pension, it could be **20+ years** before she was out of pocket in cash terms (assuming no changes in the tax regime). Her 'lost' pension would, however, have been index-linked whereas her additional lump sum would not be. Through wise investment of her additional lump sum she could, however, make up some, all or more than her loss in pension.

Annual Allowance (AA)

County Council Strategic Director, aged 57, with salary of £120,000 pa, with about 17 years pensionable service in the LGPS, no other sources of pension, and an NPA of 66, offered a **temporary pay rise of +£25,000 pa** while covering additional responsibilities.

ALACE able to show him that his **potential tax bill of £27,000 in respect of the AA** could be reduced by staging the pay rise or going for the 50:50 option but that, in the long run, it was probably to his net financial benefit to do neither and take the pay rise.

Loss of LTA Protection and financial penalty

Borough Council Chief Executive, aged 54, took out Fixed Protection 2012 (FP12) in March 2012 for a personally protected LTA of £1.8 million. She didn't realise that growth in her pension had exceeded the permissible limit, that she had lost her FP12 three years earlier and that she had failed to inform HMRC of this and therefore potentially faced a **financial penalty of up to £60,000**. ALACE identified the situation and helped with the explanation to be given to HMRC which resulted in no financial penalty being charged.

Flexible Retirement; Transfers of Pension Rights; Additional Voluntary Contributions (AVCs); Divorce settlements; Leaving the LGPS; Incorrect advice from Pension Funds

ALACE has been able to support its members on a wide range of pension related issues, such as those listed above and many more, helping them to save up to six figure sums.