



# Protected tax-free cash with trivial lump sum payment instruction for occupational pension schemes

Please read these notes before completing this instruction

## About this instruction

Use this instruction if you are:

- scheme trustees of an **occupational pension scheme**; and
- the member wants to take the following benefits from the scheme detailed in Section 1 (the 'scheme'):
  - their **protected tax-free cash**
  - the remaining funds from the **Scheme** as a trivial lump sum as described in Section 4 (the '**trivial lump sum**').

The **trivial lump sum** is paid when the member takes **protected tax-free cash** and their fund value left under the **scheme** is no more than £10,000.

The member must tell you if they won't have any lump sum and death benefit allowance left after the payment of their **protected tax-free cash**.

A member who has a policy assigned to them from an **occupational pension scheme** should complete the 'Protected tax-free cash with **trivial lump sum** payment instruction' for non-occupational schemes instead.

## Trivial lump sums and tax

The **trivial lump sum** is treated as taxable pension income for the tax year in which the payment is made. So, you need to apply UK basic rate tax under PAYE to the payment.

You're responsible for:

- calculating and deducting tax on the **trivial lump sum** before passing the benefits to the member;
- paying the tax to HM Revenue & Customs (HMRC); and
- calculating the amount of lump sum allowance and lump sum and death benefit allowance used up by the payment of the member's **protected tax-free cash**.

## Completing your instruction

- Please complete this instruction in BLOCK CAPITALS and ballpoint pen.
- We explain terms in **bold** in the definitions section at the end of this instruction.
- Please return the completed instruction to: Freepost RUCB-LJKR-HHBU, Aegon, Sunderland, SR43 4DU.

## 1. Member details

---

Mr / Mrs / Miss / Ms / Other – please specify

Full forename(s)

Surname

Date of birth

D	D	M	M	Y	Y	Y	Y
---	---	---	---	---	---	---	---

Scheme name

  

Plan number

## 2. Payment details

---

Please tell us the bank details that you'd like us to pay the funds to. The bank details should be for the trustee's scheme bank account.

Bank name

  

Branch sort code

		-			-		
--	--	---	--	--	---	--	--

Account number

Address

  
  
  

Name of account holder(s)

### 3. Declaration

In this declaration 'we' means the trustees of the Scheme and 'you' means Scottish Equitable plc as the insurer of the plan.

3.1 We instruct you to pay the cash-in/surrender value of the plan numbered in Section 1 to our bank account set out in Section 2.

Date

D	D	M	M	2	0	Y	Y
---	---	---	---	---	---	---	---

Name of trustee

Signature of trustee

X	X
---	---

Date

D	D	M	M	2	0	Y	Y
---	---	---	---	---	---	---	---

Name of trustee

Signature of trustee

X	X
---	---

Date

D	D	M	M	2	0	Y	Y
---	---	---	---	---	---	---	---

Name of trustee

Signature of trustee

X	X
---	---

Date

D	D	M	M	2	0	Y	Y
---	---	---	---	---	---	---	---

Name of trustee

Signature of trustee

X	X
---	---

### 4. Conditions for taking a trivial lump sum

If after payment of the **protected tax-free cash**, the member has a remaining fund of no more than £10,000 under the scheme, then this can be paid to them as a **trivial lump sum**, provided the following conditions are met:

- at the time of payment the member must have reached their normal minimum pension age, currently 55 (57 from 2028) or their protected pension age, if they have one or the **ill-health condition** is met;
- the payment extinguishes the member's entitlement to benefits under the **Scheme** (with the exception of any pension in payment before 6 April 2006);
- at the time the **trivial lump sum** is paid (after payment of the **protected tax-free cash**), the member has lump sum allowance and lump sum and death benefit allowance available. The payment of the member's **protected tax-free cash** will use up an amount of their lump sum allowance and lump sum and death

benefit allowance. The member must tell you if they won't have any allowances left after the payment of their **protected tax-free cash**;

- the **trivial lump sum** is paid in connection with a **protected tax-free cash** payment and is paid no later than one month after payment of the **protected tax-free cash**; and
- between the payment of the **protected tax-free cash** and the payment of the **trivial lump sum**:
  - no contributions have been made to the **scheme** in respect of the member;
  - no recognised transfer has been made into or out of the **scheme** in respect of the member; and
  - no annuity or scheme pension has been purchased by sums and assets held by the **scheme** for the member's benefit.

## 5. Definitions

---

**Ill-health condition** – the ill-health condition is met if you have received satisfactory medical evidence from a registered medical practitioner that the member is (and will continue to be) incapable of carrying on their occupation because of physical or mental impairment, and they have in fact stopped carrying on that occupation.

**Occupational pension scheme** – is a trust based pension scheme, such as:

- an Executive Pension plan;
- a Small self-administered scheme;
- an Exsel Group scheme;
- a Nexus scheme;
- an Exsel scheme;
- an Exsel fund scheme; or
- a Contracted-in money purchase scheme (CIMP).

**Protected tax-free cash** – some individuals will have had a right to a lump sum of more than 25% of their uncrystallised fund on 5 April 2006. Where the member has a right to a lump sum of more than 25% of their uncrystallised fund the lump sum is generally known as protected tax-free cash.

**Registered pension scheme** – is a pension scheme that's registered with HMRC under Chapter 2 Part 4 of the Finance Act 2004.