Pension transfers

AF7: 2018–19 edition

Web update 2: 20 September 2018

Please note the following update to your 2018-19 edition of the **AF7** study text.

Chapter 5, section A1, example 5.1, page 5/4

The following example should now read as follows (amendments in **bold**):

Example 5.1

In June 2012 John crystallised benefits valued at £600,000, and in May 2014 he crystallised a further £625,000.

Formula method			
	Event 1	Event 2	Total
Amount of BCE	£600,000	£625,000	
LTA in year of BCE	£1,500,000	£1,250,000	
Revalued amount	$£600,000 \times \dfrac{£1.03m}{£1.5m} = £411,999.96$	$£625,000 \times \dfrac{£1.03m}{£1.25m} = £515,000$	£926,999.96
Remaining LTA	$£1.03m - £926,999.96 = £103,000.04$		

Percentage method			
	Event 1	Event 2	Total
Percentage of LTA	$\dfrac{£600,000}{£1.5m} = 40\%$	$\dfrac{£625,000}{£1.25m} = 50\%$	90%
Value of current LTA	**£412,000**	**£515,000**	**£927,000**
Remaining LTA	$£1.03m -$ **£927,000 = £103,000**		

Chapter 5, section A2B, example 5.7, page 5/11

The third bullet point should read as follows (amendment in **bold**):

- As he was in capped drawdown when the BCE occurs in September 2017, the calculation against his LTA is based on 25 times 80% of the maximum annual income that can be paid as a capped drawdown pension at the date of the BCE (**see BCE table in** section A2), i.e. 25 × £16,000.

The final sentence of the example should read as follows (amendments in **bold**):

Therefore, the amount of Jamal's lifetime allowance that is used by his capped drawdown fund is:

25 × (80% × **£16,000)= £320,000**