

EXAMPLE 1	EXAMPLE 2
Taxable Income in Year Less than £110,000.00	Taxable Income £110,000.00 A Year or more
Standard Annual Allowance Applies £40,000.00	Tapered Annual Allowance Applies £10,000.00
Mandatory Scheme Pays (MSP) elections apply in most cases if the member exceeds £40,000.00	Mandatory Scheme Pays (MSP) elections apply in most cases but only on any sum that exceeds the £40,000.00
Example Pension Input Amount £100,000.00	Example Pension Input Amount £100,000.00
Tax due on £60,000.00 MSP will apply	Tax due on £90,000.00, MSP will apply to £60,000.00 only as the excess over the standard AA
Tax at 40% Lump sum payment	Tax at 40% Lump sum Payment
£24,000.00	£36,000.00
Scheme Pays Deduction Member's pension reduced by (NB this would be based on an individuals Mortality factors this is an example only)	Scheme Pays Deduction (assuming VSP offered) Member's pension reduced by (NB this would be based on an individuals Mortality factors this is an example only)
£2,162.49	£3,243.74
	Assuming that no VSP offered the lump sum tax would be
	£12,000.00
	Plus pension being reduced by
	£2,162.49

Assumptions

Member's marginal tax rate is 40% - a higher rate could apply

Scheme pays deduction based on an assumed age, gender and State Pension Age

No carry forward available from past three years

That the minimum tapered AA of £10,000 applies in Example 2