Emily McAlister <emilym@pensionpractitioner.com>

Re: nbudden@chadneybulgin.co.uk sent you files via WeTransfer

1 message

Gavin <gavinm@pensionpractitioner.com> 21 May 2018 at 22:37
To: Peter Stedman <peter.stedman@loftshop.co.uk>
Cc: Neil Budden <nbudden@chadneybulgin.co.uk>, Emily McAlister <emilym@pensionpractitioner.com>

Dear Peter,

Given the choice to draw a tax free lump sum benefit from the Scheme of £50,000 it is important that I set out how this affects your fund and the tax implications therein arising.

You have a notional benefit accrual in the scheme of 95% of the fund and can “designate” any amount of that share to provide you with retirement benefits. The designated of a tax free lump sum is known as a crystallisation event and as a rule of thumb the date that a crystallisation takes place the tax rules applying to that crystallised benefit changes.

Given the composition of the fund, the lump sum can be paid as cash to you – it can take other forms which may be of greater financial benefit to you but in order to meet the cost of your daughter’s wedding in this instance it must be paid as cash.

The lump sum entitlement must be connected to an arising entitlement to a ‘relevant pension’ benefit. The definition of relevant pension includes income withdrawal, a lifetime annuity or a scheme pension; there can be other forms.

I am not intending to advise you on the different relevant pensions that can be adopted as I understand that there is not a need to draw income from the Scheme. Further, I am not intending to explore the merits or otherwise of taking a lump sum, only the tax implications for doing so. If you would like me to explore this for you please let me know.

From my notes you did not have an existing drawdown fund, and you will therefore designate some of the funds as available for flexi-access drawdown. You may therefore choose to receive a tax-free pension commencement lump sum of an amount equal to a share of the value of the funds that were put into the flexi-access drawdown fund. In your case, a pension pot of £200,000, could designate £150,000 as available for drawdown and the remaining £50,000 can be taken as a tax-free pension commencement lump sum.

The rules now are very flexible insofar as what the balance of the £150,000 can be used for. You can of course continue to keep this sum invested. As and when you need the income (which will be taxed at the marginal rate), you can switch this fund on to provide income – which can take different forms that I can detail further as and when the need arises. The £150,000 will be notionally ring fenced from the balancing uncrystallised part and will continue to be invested and managed by Neil. It is not crystallised against any one asset but the fund as a whole.

In the event of your death before age 75, this flexi-access drawdown pot will be paid free of tax to your nominated beneficiaries. On death after that time it will be taxed at the marginal rate. The uncrystallised portion will be paid free of tax.

Neil has provided details of your Zurich policy and you can of course transfer the proceeds to this scheme; this does not affect anything set out in this letter.

To draw the lump sum benefits, I have prepared some documents for you. For ease of process I have pre-completed these for your signature. I will need your national insurance number as from the file the number looks very faint! I will also need your personal account number and sort code for our paperwork. If you can get these to me as soon as possible it would be appreciated, I can then add this information to the paperwork, leaving only your signature needed.

You should have the cheque book to make the cash payment from Bank of Scotland – if not I can get a payment instruction form to you.

Do let me know if there are any queries in connection with the above.

With best wishes

Gavin

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On 11 May 2018 at 12:48, WeTransfer <noreply@wetransfer.com> wrote:

nbudden@chadneybulgin.co.uk
sent you some files

1 file, 53.5 KB in total ▪ Will be deleted on 8 June, 2018

Get your files

Hi Gavin,

Further to your request, I've attached the Nucleus valuation for Kaysted. My understanding is that it should all be allocated to Peter and that part of the fund is in drawdown. However, I am not sure these points have ever been confirmed?

Peter has a Zurich Personal Pension (ex Contracted Out Plan PA11199-416-DL) with a current value of £137,884.25. They are emailing the valuation, but it will not be until next week. The plan was not transferred into the SSAS previously, but I don't believe there is any reason it could not be.

Peter has advised that the bank statements are sent to yourselves by BoS. He doesn't think there is much in there at present, but will be making a (Royalty) payment of £38k later this month from the company.

I understand the other assets are the IP and loan, although I believe the loan repayment is still being sorted out by the Liquidator and will be much less. Also, Peter has recently received confirmation from HMRC agreeing the original IP valuation at £234k.

Could you please let me know if there are any further requirements/issues, approximately how long the process may take and the administrative costs involved.

Thanks and regards
Neil

Download link

https://chadneybulgin.wetransfer.com/downloads/316e4abded35c31d45dc8598448d47d020180511104707/48542075c7d1da2db76cb42ff61c7e4620180511104737/d39159

1 file

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