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## Auto-enrolment protection risk

Her Majesty's Revenue & Customs is warning **7,500 people** that they risk losing enhanced protection on their pension pot if they do not opt out of automatic enrolment.

People who applied for enhanced protection before A-Day, 6<sup>th</sup> April 2006, are protected from high tax charges if their fund is valued at more than the Lifetime Allowance when they start drawing their pension.

Investors who completed applications for fixed protection before 6<sup>th</sup> April 2012 were able to keep the old Lifetime Allowance of £1.8million. On 6<sup>th</sup> April 2012, the allowance was cut to £1.5million.

These protections will be lost if **any** additional contributions are paid into a pension scheme. If this happens, any

## HMRC Warning

### Is your Enhanced Protection at Risk?

pension savings above the Lifetime Allowance would be taxed at 55%.

A warning about the risk of losing fixed protection due to auto-enrolment was included in HMRC's fixed protection application documents, recently sent to investors.

An HMRC spokesman says: "HMRC has written to enhanced protection customers to advise them of the consequences of automatic enrolment and the actions they may need to take.

**"Anyone with enhanced or fixed protection who is automatically enrolled by their employer will lose this protection unless they opt-out of the pension scheme within one month.**

If you opt out within that one-month period then the law treats you as if you were never a member of the pension scheme. In these circumstances you will keep your enhanced or fixed protection."

**However, you will be re-enrolled every three years and so will be at risk every time and you need to remember to opt out within one month every time!**

If you take no action you **WILL** lose your protection and face punitive tax charges on your pension fund.

This could be a massive problem, particularly for business owners and directors.

**Losing your enhanced or fixed protection as a result of auto-enrolment is a real risk and the consequences could be significant.**



**Don't fall into the Auto-enrolment trap**

**March 2013**

**Ipswich :**  
**Colchester :**

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