

Personal term assurance contributions to a registered pension scheme

i Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0300 200 3310**
- the SA Orderline on **0300 200 3610** for helpsheets

or go to hmrc.gov.uk/sa

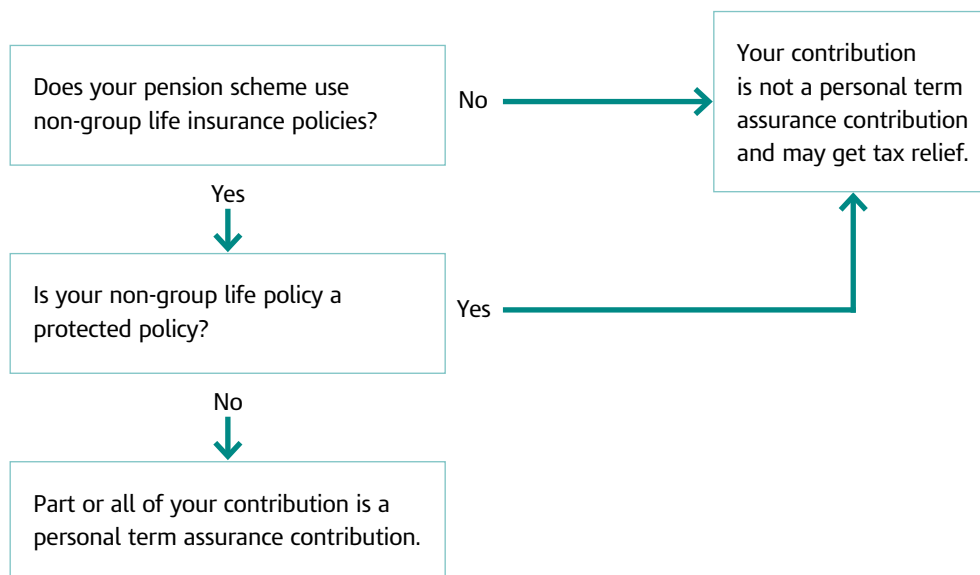
The notes on page TRG 17 of the tax return guide explain the limits to the tax relief to which you are entitled for pension contributions. You are not entitled to tax relief when you make personal term assurance contributions. Few payments are personal term assurance contributions. This helpsheet tells you whether or not any of your contributions are personal term assurance contributions.

What are personal term assurance contributions?

For your contribution to be a personal term assurance contribution, two conditions must be met. These are:

- your scheme uses a non-group life policy to insure the provision of your death benefits under the scheme. For more information, look at ‘What is a non-group life policy?’ on page 2 of this helpsheet, and
- the policy is not a protected policy, because it was started after certain dates. For more information, look at ‘What is a protected policy?’ on page 2 of this helpsheet.

Use this flowchart to decide if any of your contributions are personal term assurance contributions.



How will you know if you have paid personal term assurance contributions?

As a general rule, non-group life policies are most likely to be held under personal pension schemes (including stakeholder pension schemes), retirement annuity contracts and small occupational pension schemes. However, it is not possible to provide a definitive list.

The scheme administrator of your registered pension scheme should have told you if you have paid personal term assurance contributions, and if so, how much. If you are unsure about this, contact your scheme administrator. We do not hold this information.

What do you do if you have paid personal term assurance contributions?

You are not entitled to tax relief for personal term assurance contributions. Do not include the amount of the personal term assurance contributions in boxes 1 to 3 of the 'Tax reliefs' section on page TR 4 of your tax return. The guidance on page TRG 17 and TRG 18 of the tax return guide tells you what to put in each box.

The amount of the personal term assurance contribution is the amount of the premiums paid to your non-group life policy. If you contribute £300 to a scheme and the amount of the premium for your non-group life policy under the scheme is £100, the amount of the personal term assurance contribution is £100. You may get tax relief on the remaining £200 contribution, subject to the guidance on pages TRG 17 and TRG 18 of the tax return guide.

What is a non-group life policy?

A non-group life policy is a policy of insurance where the only benefits payable are as a consequence or in anticipation of death, and:

- the policy only covers one person, or
- the policy covers more than one person, but the terms of the policy say that it pays out on the death of only one of the group of people covered by the policy, or
- the policy covers a group of people and will pay out benefits on the death of more than one person, but all the people covered by the policy are connected. This broadly means that all these people are members of the same family.

Many occupational pension schemes use life policies to insure death benefits (known as group policies). These group policies cover a group of unconnected people and will pay out on the death of many scheme members. These policies are **not** non-group life policies and so contributions may get tax relief subject to the normal pension contribution rules.

The scheme administrator of your pension scheme will be able to tell you if your scheme uses non-group life policies.

What is a protected policy?

Certain non-group life policies are protected from the personal term assurance rules that restrict tax relief on your contributions. This means contributions paid towards these policies can get tax relief, subject to the normal rules.

Broadly, protected policies are policies that were taken out before certain dates. The conditions (and relevant dates) for what is a protected life policy vary depending on whether or not the policy is held by a registered pension scheme that is an occupational pension scheme. Examples of a non-occupational pension scheme are personal pensions, stakeholder pensions and retirement annuity contracts.

The scheme administrator of your registered pension scheme or the insurance company providing the life policy will know if your policy is a protected policy. If you are not sure that your policy is protected ask either your scheme administrator or the insurance company providing the life policy. As we will not have this information, please do not ask us.

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Regardless of whether the policy is held by an occupational pension scheme or a non-occupational pension scheme, a policy will lose its protected status if there is a change to the policy terms that either:

- increases the benefits payable under the policy, or
- extends the period during which benefits are payable.

Your scheme administrator or the insurance company providing the policy should tell you if this happens.

Contributions paid after the policy loses its protected status will be personal term assurance contributions and will not qualify for tax relief.

These notes are for guidance only and reflect the position at the time of writing. They do not affect the right of appeal.