

Annual Allowance & Lifetime Allowance Factsheet

Find out about the HM Revenue and Customs limits on tax-free retirement savings



HM Revenue and Customs (HMRC) limits on the amount that can be contributed towards your retirement savings, while still attracting tax relief.

This limit is known as the Annual Allowance. Annual Allowance is assessed each tax year whereas the Lifetime Allowance is only assessed when you start to access your retirement savings.

Annual Allowance (AA)

This is the total contribution that you and the Company can make in every tax year to your retirement savings plans (excluding transfer payments) that will be eligible for tax relief. The current Annual Allowance, effective from the 2023/24 tax year, is £60,000. A variable tax charge applies to any contributions made that are above the Annual Allowance.

If you exceed the Annual Allowance, you can choose to pay any tax due from any retirement savings that you have in the Rolls-Royce Retirement Savings Trust, or any other retirement savings

This factsheet contains information for employees who are contributing to a retirement savings scheme.

scheme that you have. This is known as *Scheme Pays* and you can find out more about this by reading our [Scheme Pays factsheet](#).

You may be able to carry forward any unused portion of your Annual Allowance from the previous three tax-years if you exceed the £60,000 limit in an individual tax year.



The MoneyHelper website has some examples of *carry forward* calculations at www.moneyhelper.org.uk

Your Annual Allowance of £60,000 may be restricted if

- you are a high earner who's affected by the [Tapered Annual Allowance](#), or
- you are restricted by the [Money Purchase Annual Allowance](#) because you've already accessed some money purchase (defined contribution) retirement savings.

Please click on the links to see our separate factsheets covering these topics.

Lifetime Allowance (LTA)

The LTA, which represents the total amount you can build up across all of your retirement savings plans before a tax charge applies, will be abolished from 6 April 2024. And from 6 April 2023 the charge for exceeding the LTA when you come to take your benefits will be removed.

This effectively removes the LTA as a concern for members in all but name from 6 April 2023. A cap on the pension commencement lump sum, more commonly referred to as the tax-free cash lump sum, will be retained. You will continue to be able to take up to 25% of your savings as tax-free cash up to the cap of £268,275 (25% of the 2022/23 LTA). It will be frozen at that level.

Getting help...

If you require help with your tax and retirement savings planning we recommend that you seek advice from an independent financial adviser. You can find more information about tax charges and how they are paid, at www.gov.uk/tax-on-your-private-retirement-savings

If you require any information about the Rolls-Royce Retirement Savings Trust you can look online at www.rolls-roycepensions.com

You can also contact the Scheme Administrator at Aviva on:

Telephone:

0345 604 0803

(Monday – Friday 8am – 5.30pm)

Email:

rolls-royce.mymoney@aviva.com

Write:

Aviva, P.O. Box 2284, Salisbury, SP2 2HY

In all correspondence, please give your name, date of birth, National Insurance Number and quote Rolls-Royce.

