

## Lifetime & Annual allowances

2006	£1.50m
2007	£1.60m
2008	£1.65m
2009	£1.75m
2010	£1.80m

The Lifetime allowances have been set in advance to give a degree of certainty.

### Annual Allowances

For employees personal contributions and the Self Employed the limit is 100% earnings or £3,600 if higher.

For employer contributions the annual allowance (which determines the maximum contribution attracting tax relief or the maximum benefit input without a tax charge) will also be set in advance, starting at £215,000 in 2006 rising in £10,000 steps to £255,000 in 2010.

A factor of £1 pension = £10 fund will be used for Final salary schemes.

There is no limit in the year of retirement.

The rates of increase of these Lifetime and Annual allowances are a little ahead of the expected rise in inflation over the period. It remains to be seen whether there will be scope in the legislation for these allowances to increase at a different rate if price inflation exceeds expectations. Importantly, both allowances will be reviewed every 5 years, the first such review being in 2010.