

Pension transfers

AF7: 2023–24 edition

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Please note the following update to your copy of the 2023–24 edition of the **AF7** study text. Corrections are in **bold**.

Chapter 4, section E1, page 4/32

The money purchase annual allowance (MPAA) is triggered when an individual accesses their pension benefits flexibly; thereafter they will be subject to the **£10,000** MPAA.

For many clients, starting to draw income and lump sums from their pensions coincides with them ceasing to make contributions, and so the imposition of a **£10,000** MPAA has no impact. For others, the MPAA plus the ISA allowance is more than sufficient to meet any tax-efficient savings needs they may have. However, for some the **£10,000** MPAA will restrict the level of tax-relievable contributions they plan to make to a defined contribution pension. For these individuals, some sensible planning can avoid this issue.