

## Lifetime Allowance and Annual Allowance for 2023/24

### Tax and your pension

Building a pension is one of the most tax-efficient ways you can save for your future. But there are some limits to what can be saved before you have to pay a tax charge.

### Annual Allowance

The Annual Allowance (AA) is the maximum amount that you can build up from all your pension arrangements (excluding the State Pension) every tax year without paying an additional tax charge. The AA is updated from time to time so it's important to make sure you know the limits if you wish to avoid facing additional tax charges.

For the 2023/24 tax year, the **AA is £60,000**.

If you have gone over your AA, or you think it might happen, there are steps you can take. These include "carrying forward" any unused AA you may have from the previous three tax years. Look at Fidelity's [Carry Forward Guide](#) for more information.

### Lifetime Allowance

Up until April 2023, there was a Lifetime Allowance (LTA) to consider. The value of your pension benefits taken at retirement was assessed against the Lifetime Allowance, or Personal Lifetime Allowance. If the total value of your benefits was higher than the allowance, you needed to pay a tax charge on any savings above the LTA.

The tax charge was removed from the LTA from 6 April 2023, and the **LTA will be removed completely from April 2024**. Please keep in mind that, for most people, the amount you can take as a tax-free cash lump sum will stay at 25% of the previous LTA of £1,073,100, which is £268,275.

Visit the [Government website](#) for further information.