Techy Thursday

Autumn Statement

The M&G Wealth Technical team delivered an online seminar on 7 December 2023 covering the potential impact of the Autumn Finance Bill on your clients' financial planning.

The event questions and answers are below.

Questions and Answers

Would it be true to say that any amount of fund on death under age 75 if it goes into dependents drawdown is paid out tax free?

If designated within 2 years of the date the scheme administrator was reasonably aware of the death of the member then yes.

If used 100% of LTA but taken no PCLS (say big DB pension only), do you have no LSA/LS&DBA or full? Read that if no LTA, no allowances but how does this work with the 'transitional certificate'

The Policy statement stated that if 100% LTA used then there would be no allowances i.e. a 100% reduction. The Bill states that too, but goes on to make provision that if you can get a transitional certificate showing a lower amount of PCLS and non-taxable amount of UFPLS was paid then you can get a lower deduction. In this scenario full LSA and LSDBA would be available.

If an individual is over the age 75 and not received any TFC what will be their LSA?

They'll have used some LTA so it would be reduced by 25% of the LTA used.

If the actual PCLS and non-taxable amount of an UFPLS paid was lower than the number above the lower number can be used as long as the schemes the LTA was used in certify the amounts.

If part of that LTA usage was the age 75 test then there should be scope for a transitional tax free amount as PCLS paid on that BCE was £0.

Client is 75 in January 2024. Fully Uncrystallised. What happens?

The LTA is fully operational in 23/24 so there will be an LTA test but if the LTA is exceeded the charge will be 0%.

NHS pension in payment post a day, with no enhancements, used up all LTA has fully crystallised Sipp value @ 200k. How will Sipp and NHS pension be treated on death of member?

Assuming the NHS will just continue dependants pension and there is no change of taxation there, it will be taxable at the dependants marginal rate of tax..

The SIPP, presumably is in drawdown. Beneficiary pensions will be tax free pre 75 and under two years and taxed other than that. Lump sums within 2 years would also be tax free (as pensions in drawdown prior to 6 April 2024 will be exempt from being tested against the LSDBA).

If someone has used 100% of their LTA but took no TFC/PCLS still has a DC pot of £125k, are they limited to PCLS of 25% of £125k OR can they take the full £125k as PCLS?

It is the lower of the applicable amount (25% of fund), available lump sum allowance and the available lump sum and death benefit allowance.

If they get a transitional tax free amount certificate showing £0 they could get 25% of the £125,000. If they didn't get a certificate it would be £0.

I have a client who took an NHS pension pre 2006. His first BCE was in 2022 when he turned 75 and a tax charge was paid as he exceeded the LTA. He has an SIPP which has £300K in it. Am I right in my understanding that post April 2024 he can this tax free?

The maximum would be 25% of £300,00. They would need to be able to get a transitional tax free amount certificate which releases enough LSA to pay the £75k.

If a client uses one pension to purchases an annuity with no PCLS taken, will we still be able to take 100% of the PCLEs on his remaining benefits up to the maximum allowed?

It is the lower of the applicable amount (25% of fund), available lump sum allowance and the available lump sum and death benefit allowance.

The funds they used to purchase an income (i.e. the annuity in this case) will not use up the LSA.

If you used up some of your LTA via BC8 (overseas transfer) can you still apply for full LSA if you haven't taken any tax free cash?

It would appear that if you can get the scheme that transferred to confirm this and issue a transitional tax free amount certificate at £0 then you would get full LSA.

Do need LSA to take winding up LS?

Yes

If a client has specific scheme protection but only 0.04% of the LTA should they wait until 2024 and then would they get 25% PCLS of the fund value?

In April our view is they would get there SSPTFC amount as there appears to be no test against LSA or LSDBA with a SSPTFC amount.

Will partial transfer of a FAD be allowed after 6th April 2024?

That is not on the Bill.

Is the OTC charge allowance based on LTA increased by primary and other protections?

Yes, the overseas transfer allowance is linked to your LSDBA (which is based on protection where it is held)

Are lifetime triviality commutation LS tested against LSA and LS&DBA?

No

(Part 2) if this is the case, then is there any benefit (appreciate the tax tail should not wag the dog) to crystalising benefits now or shortly to get the full PCLS of £268,275, invest the amount elsewhere and then just draw on the remaining pension pot as or if required? Thought I would ask

A very big question. The short answer is if you can meet the client's needs and objectives and deliver a better return than leaving it in the pension.

As the maximum tax free cash is 25% of the £1,073,100 (which is £268,275), As someone's pot grows, then the overall % of tax free cash entitlement will go down. So if a client has £2,146,200 (for example) then your tax free cash entitlement would only be 12.5% in the above example. (Part 1)

The 12.5% is a red herring or thinking about it in this way is not necessarily helpful we think.

The proper thought is. You have £268,275 tax free available from your pension currently, if left in the pension all the growth will get marginal rate tax. Can it meet a clients needs and objectives and return more by being elsewhere – for some yes it might. Could you get better than marginal rate tax on the growth by investing somewhere else

Will the 2 year rule exist for crystallised funds?

If you mean they need to be set up within 2 years of the scheme becoming aware of the members death to be tax free then yes. If you mean IHT on transfer then yes to that too.

Sorry with limit on the AFPS question couldn't make it clear with limit. The scheme says value of preserved benefits against LTA is 15.42% which means 25% is £41,367.39. Scheme though says PCLS is £21,582.99. Is tax-free cash client can have is £226,907.61 or £246,692.01?£268,275 less figures above

They have not taken benefits yet so post April they can get the lower of the applicable amount, LSA and LSDBA. The applicable amount will be the same post April as it is now – the PCLS calculation for DB schemes will give the same result.

If benefits taken before April and the scheme only paid the £21k then that is a situation where you would ask for a transitional certificate as the actual PCLS was lower than the derived one in the transitional calculation.

That is a good point. We have clients with uncrystallised benefits of well over £1m. If labour win the election and re-introduce LTA, what is your opinion on how quick they could that please ?

They need to change primary legislation so would need to have an emergency budget post election then a finance bill. We would think April 2026 at the earliest with potentially some anti forestalling legislation**.**

Client who is 65, previously taken protected tfc c£235k crystalised c60%. Has Fixed protection £1.5m, What is the remaining tfc allowance now and after April 24.

Now 25% x 40% x £1.5m - £150,000

Post April £375,000 – (25% x 60% x £1.5m) = £150,000

Client has used 90% of LTA (in year of 1.8m LTA) and has had more than £268,275 TFC - what sum is left for him to take?

Assuming no protection £268,275 – (25% x 90% x £1,073,100) = £26,827

Can you still take tax free cash after 75 post April 24

Yes

You mentioned the LTA tax charge was applicable at step 8 on the tax return. Did your presentation say the any Lump Sum Death Benefit excess or (or both) the Lump Sum Allowance excess is subject to marginal rate of tax but is taxed as step 1?

Step 7.

LTA tax charges were standalone tax charges that were added at step 7. The new bill says that excess over limits are treated as pension income same as any other pension income, so by definition must be added at step 1 (as that's where pension income goes)

If you only have £1 left of your LSA can you still take your full scheme specific tax free cash regardless of the value and is it all tax free???

It appears so as there is no reference to LSA or LSDBA in the SSPTFC limit.

Somebody who had taken large DB before A Day. No LTA remaining from then. Had a small SIPP at A day since transferred to FAD. Is there any available TFC after April 24 now?

It sounds like there is no uncrystallised rights so there is no TFC available.

A client with EP (but no protected PCLS) took max PCLS from a 4 member SSAS (but no income) in 2014. (Max PCLS was £375K). Now the scheme is valued much higher, could he be entitled to more PCLS?

If they are in drawdown no cash is available.

Any change to post 75 death inherited FAD recipient dying pre 75... ie their beneficiaries able to drawdown tax-free?

There is no change the beneficiary drawdown will be taxed based on the age at death of the person you inherited from.

Are you going to put up working examples for the different scenarios this would be helpful. On the Pru site

We'll be updating the LTA Abolition hub and videos we have hopefully before the New Year. We will be issuing articles on various elements too.

What are the key planning considerations for our clients pre 6 April 2024?

Not thought them through yet. It's a particularly individual decision. I guess one key point is that their pension is there to meet their retirement needs and that's the primary once.

Anyone with Enhanced Protection considering paying more in should maximise before April if they want a higher LSDBA. Anyone with SSPTFC and an LTA protection may wish to defer cash until after April as it will increase. There are probably more but we'll write about that when we've had further musing time.

If a DB scheme used £80k of TFC would the remaining allowance be able (subject to sufficient being in PP).

Basically, yes.

is this session recorded and available to view again? I couldn't make time for most of it today

All our webinar recordings are issued by email, in the M&G Wealth Technical Group and published on our websites.

After 2024, and you have an uncrystallised fund of £2,146,200 and you put half into a QROPS can you get double bubble of LSA even if you don't move overseas?

It appears that way.

Client had uncrystalised pot of £1.6m in June 22 and partially crystalised to take £168,275 PCLS, with zero income. He wants to take the rest of max PCLS allowable (£0 income) next. Should he rush to take this before April 24 or is there no difference Post April 24? (he is aged 56)

Based on the info available his PCLS will be the same post April so there's no rush. The consideration from a Bill perspective is whether you would want your benefits crystallised pre April for the potential advantage on lump sum death benefits from pre April 24 crystallised pots.

Do we know if successor drawdown taxation rules are changing?

Other than lump sums from them will become tested against the LSDBA (when the successor dies) there's no change.

A client has fully utilised LTA and still has £1.5m uncrystallised. Is there merit in fully crystallising to drawdown before the election? Thank you.

We'll need to see what Labour policy is first. They had stated they prefer a NHS specific solution and have also stated they have not made up their minds. So, they have stepped back from their initial reaction to the Spring Budget where they said they would reintroduce.

If an individual (no protection, nothing fancy) has used 100% of their LTA then transfers an uncrystallised PPP to a QROPS after 6/4/24, is the full fund charged at 25% under OTC or do they have a full (new) allowance of £1,073,100? The wording I have read is unclear on this point.

They will have the full allowance by the looks of it.

What happens if you cannot get a nil tax free cash certificate? Is there anything which can be done if you have all your old BCE statements?

At present to get a transitional tax free amount it needs a certificate from the scheme. If you have all your BCE statements the scheme may accept that as evidence to issue certificates if they can't from their own records. There's no guidance on the practicalities of the certificates.

Client has fully crystalised 2 db schemes into annuities up to the old lta, then stopped contributions. should he restart contributions? using carry forward he could put a large lump sum in this tax year, is it worth him doing this and what PCLS would he get?

If they have had no PCLS before and can get a transitional certificate they will have full LSA.

Whether it's worth paying in is an advice decision based on needs and objectives. Pensions are a bit of a no brainer where tax relief and tax free cash are in play.

Great webinar thank you! How do you keep so positive in light of the continuous fiddling with regs? whenever I hear there's new regs coming out I think 'FFS' but at least us advisers get to have your input!

Keeps us in a job and some of us actually enjoy it (maybe just Les and Mark though).

Post April 2024 will a spousal bypass trust still have advantages and if so are these changed from current position?

The advantages and uses are largely the same. With a move to marginal rate tax instead of LTA charges, for pre 75 deaths within 2 years, there will be a slight advantage tax wise from before as the maximum will be 45% instead of 55%. There are a few unknowns with the tax mechanics where an excess is paid to a trust at present.

Client has protected tax free cash, but 25% of the fund value is in excess of the LSA. Does he still get the full protected lump sum, but won't be able to take any cash from his other pension with no protected cash?

There appears to be no test against LSA or LSDBA with a SSPTFC amount. So, yes. Increased cash by taking other pot first.

Does a footballer with protected retirement age who takes his lump sum at age 40 does he have a reduced lump sum allowance. for example if this lump sum allowance of £268,500 is this reduced by 2.5% for each year below 55 so his lump sum allowance is 37.5% lower

Yes. You would only have 62.5% of you allowances available. But as allowances run on monetary amounts in future when they reach NMPA they will still have the full allowance available less the monetary amount paid.

Seems there's very little significance to turning age 75? (besides death benefits)

Indeed. The age 75 test is going.

In relation to Pre 75 death and monies being allocated to drawdown - is it the case that the unlimited amount that can go in to beneficiary drawdown would apply to both crystallised and uncrystallised monies ie both would be tax free?

Yes, assuming designated in the 2 year window.

Can you take UFPLS if you have no LSA?

Broadly, Yes. It would be 100% taxed.

But!

Those with Primary and Enhanced Protection with TFC Protection and disqualifying pension credits cannot get an UFPLS. Those with LTA enhancement factors, which would include someone with Primary Protection and no tax free cash protection, cannot get them in this scenario as 25% must be taxed at 0% for those people.

Client currently has benefits valued at less than current LTA. If they have taken DB pension benefits pre April 2024 and they now wish to take benefits from their uncrytallised DC pensions post April 2024, should as a general rule we be getting confirmation of the PCLS paid by the DB scheme?

Only where the transitionally calculated LSA usage is higher than the actual amount paid (and you need the higher LSA to maximise tax free amounts.

Can these transitional certificates be requested now?

No, they don't exist until April.

Just to clarify if someone has a UK pension and a QROPS (ROI pension) they have 2 LSAs?

Not quite.

If you are in the UK and you transfer overseas you will have an overseas transfer allowance and still have your full UK allowances.

Client has LTA protection of $1.8M and has used nearly all of this with 2 DB schemes recently vested and has used all hi TFC (£450K) from these DB schemes. he has £800K in an uncrystallised personal pension. No more TFC but is there an advantage to him notionally crystallising that pot before April

There is an advantage if they are likely to die pre 75, the death benefits will be paid within the 2 year window and it is likely to be paid as a lump sum to a non-qualifying entity (as it would be exempt from the LSDBA test). Other than that the same tax free payments can be achieved by being in a scheme with suitable "freedom friendly" death benefits and appropriate nominations.

There may be more but that's all we can think of at this time.

Client with 2 million in Drawdown. If die before 75, can move full amount to beneficiary DD tax free and draw off this what they want (can take all as lump sum after it has moved to DD)? Would be tax issue if they took it as lump-sum and didn't move to beneficiary DD first? And what about after 75?

Post 75 all benefits are taxed as per now.

Pre 75 (and within 2 year window) and over the limit then yes there would be marginal rate tax on the excess unless the drawdown pot was established prior to April 24.

If designated to drawdown on a tax free basis then as much or as little could be taken tax free.

A client has a armed forces pension with an automatic PCLS of 3 times the annual pension. If they have used all of their £268K LSA what happens to the armed forces PCLS - is it taxed? What about the armed forces annual pension, is it reduced?

The scheme will presumably pay a Pension Commencement Excess Lump Sum all of which will be taxed at marginal rate. There is no test on income amounts so we don't think the pension would reduce.

Does the planned introduction of the overseas transfer allowance mean that there is a window for individuals who were looking to transfer to a QROPS to do so this tax year under the LTA/0% regime?

A transfer to a QROPS this year that is over LTA will have a 0% LTA charge.

client that has previously had DB scheme pension only prior to April 2023 and used all their LTA could apply for a transitional certificate to prove no PCLS taken from DB scheme. certificate will allow PCLS amount post April 2024 to be increased. took one off UFPLS of £10K june 23 can get certificate

Yes, they could apply for a transitional tax free certificate. It should be done before any post April 24 relevant benefit crystallisation event.

Has there been any changes to the IHT treatment on death within 2 years of a transfer?

No.

Is it correct that a potential member payment charge is being extended to PCLSs paid from QROPS and, if so, will the member's available lump sum allowance be tested and the excess potentially taxed for PCLSs paid within the member payment charge time limits?

It appears to be that there will be no interaction with overseas benefits paid and UK benefits paid. We will be having another read at that part though as it still seems odd.

Please can you go over the SSPTFC again - the 1.8 change

Read the SSPTFC bit here –

https://www.mandg.com/pru/adviser/en-gb/insights-events/insights-library/lifetime-allowance-abolition-from-2024/pension-commencement-lump-sums-pcls

This was written before the bill but the bill confirms that is what will happen. There has been a technical tweak in the bill, AC in the ALSA sum has been changed to Applicable amount x 4, but it gets you to the same place – current fund value.

With regards to the transitional certificate - if a client has used up all of their LTA through scheme pensions, if they did not take any tax free cash from these pensions, is it now possible for them to take up to £450k from an uncrystallised pension?

They can get the higher of the applicable amount, LSA and LSDBA.

To get £450,000 they would need uncrystallised funds of at least £1.8m and also have valid Fixed Protection 12.

will you be adding any assessment tools to the lta section on website

Probably. But we're just about to run into tax year end too so that will be a bit down the to do list.

How can a client apply for an LTA enhancement factor if coming back into a UK scheme if the LTA has been abolished - what will it be based on?

You can only apply for a factor on a pre April 2024 event as the LTA still exists until then. The deadline is April 25

Do Pers Reps have the option to apportion the benefits between Beneficiaries, or do they have to stipulate payments in a specific order?

There is no detail but as the bill stands it says they pick the order with no reference to apportioning.

We have a client who is age 76. He has FP14. At age 75 he had 22.8543% of LTA remaining, which equated to a TFC entitlement of £85,703. Will this position change post April 2024

Assuming your LTA usage doesn't include the Age 75 BCE then entitlement should be the same.

Now

25% of available LTA = £1,500,000 x 22.85% x 25% = £85687.50

Post April

LSA = £375,000

Transitional lump sum used 77.15% x £1,500,000 x 25% = £289,312.50

LSA – default amount = £85,687.50

It remains to be seen if transitional certificates may be required to release more LSA where there has been LTA usage under an age 75 test.

For an dependant's flexi-access drawdown fund whereby the individual is over age 75 then if they die, does the LSDBA concept apply or is the whole of the fund subject to income tax if paid out as a lump sum?

The whole fund is taxed, LSDBA only applies under 75 in the 2 year window.

For a client that has a pre 16 pension, my understanding following this session is we should first get a transitional certificate and then create a BCE ahead of April 2024. Are providers ready to offer transitional certificates?

Transitional certificates will not be available until after April. Providers will ned to be ready to issue within 3 months.

Clarity will be required on pre commencement pensions (as we assume it's a typo and the pension was pre 06). If it does transpire that previously untested ones cannot get a transitional certificate then it would seem prudent to have a small BCE before April.

How does the overseas transfer charge paid on excess over the LSA interact with the usual overseas transfer charge which applies where the member cannot rely on an exemption?

Our understanding is both cannot apply together. It's one or the other.

Why do you think HMRC/UK Govt have introduced these LTA chnages?

Government introduces the policy, HMRC just need to implement it. The stated objective was to prevent pension tax charges forcing people out the workforce (primarily senior doctors).

How are crystallised funds held in a FAD arrangement tested against the LSDBA if you died pre-75? Will the crystallised pot be deducted from the LSDBA?

Any lump sum will be tested against the LSDBA in the same way an uncrystallised pot is tested against the LTA today.

Unless the pot started pre April 2024 where it is not tested.

Beneficiary income options are not tested.

Any changes to money purchase scheme pensions

No.

Client A dies March 2023 aged 65. He had FP at £1.5m. Value of SIPP now £2.5m. No benefits drawn out prior to death and only pension he had . Moving forward would spouse still be able to to beneficiary drawdown and avoid LTA charge?

HMRC haven't clarified these transitional issues from 22/23 to 23/24. At face value if the designation happens before April 2024 the LTA charge is 0% and the tax on income is exempt.

In terms of death benefit options, if the scheme doesn't provide drawdown, are there any other options available other than transferring to another scheme if there's concerns about 2 year IHT rule in terms of transfers?

The only possible course of action would be to see if the existing scheme would allow "blink of an eye" drawdown for the beneficiaries. But not all schemes will offer this. This involves the scheme agreeing to designate the funds as a beneficiary drawdown to allow a beneficiary drawdown transfer to proceed.

If a client has already used 100% of their LTA and has another pension scheme is the person better from a death pre 75 perspective to crystallise the other pension pre 04/24 due to the LSDBA?

Assuming that they have no PCLS left then doing this would remove this drawdown (assuming that this would be drawdown of course) from the LSDBA. However this may not be needed as if the scheme is freedom friendly and the nominations are up to date the recipients could have beneficiary drawdown and this will not be tested against the LSDBA and if settled within 2 years this will be income tax free.

Can you confirm whether a guaranteed period under an annuity would be treated as an income or lump sum please.

If paid as an income this will be income, if this is a lump sum annuity death benefits then this is a lump sum.

Any change to post 75 death inherited FAD recipient dying pre 75... ie their beneficiaries able to drawdown tax-free?

No, for passing on benefits "down the generations" through drawdown it depends on the age the existing member dies as to how this will be taxed.

As an example, if a member dies post 75 and this passes to a dependant or nominee any income will be taxed at the dependants or nominees marginal rate. If the dependant or nominee then dies under age 75 this would be tax free for the successor (assuming these events are settled within the 2 year window).

Do all schemes allow a charity lump sum death benefit sort of thing?

No, you would need to check the scheme rules if this is a payment they allow (sort of thing 😉).

Hi, Just to check, the 'default calculation' and "transitional certificate calc" apply to 2023/24 tax year or is it post Apr 2024 only?

Post 24 only

How will scheme specific lump sums previously drawn work under transitional arrangements? If more than 25% of fund drawn as PCLS will that be ignored for LSA, will only 25% be treated as paid?

25% of the LTA used will be deducted only.

Will dependent/nominee/successor drawdown pots now be tested against the LSDBA allowance where the dependent/nominee/successor dies under age 75 after 6 April 2024?

If paid as a lump sum then yes it would, unless the pot started prior to April 2024.**Does LS&DBA apply on death after 75???**

The LSA will apply throughout the clients lifetime, so under and over 75. On death the LSDBA is only tested when the client dies under age 75 and the benefits are settled within 2 years of the scheme becoming aware of the members death.

Is it true that you can get FP2016 now and it is not lost by continuing to contribute?

If the client had not applied for FP16 prior to 15 March 2023 then the cessation events still exist for fixed protection. Making a contribution is one of these cessation events so this would be lost. There can still be merit in applying for FP16 in some scenarios, as an example if a client meets the conditions to get FP16 and has a pot of £1.2m, the could apply then take their benefits and get £300k PCLS. After this they could start making contributions and while FP16 would be lost, it wouldn't be retrospective.

Under what circumstances is it not worth crystallising a DB with zero PCLS before the end of this tax year?

This is more of a general retirement planning consideration. Can't think of anything LTA abolition specific that would push you one way or the other.

When are pension providers realistically going to be in a position to provide transitional certificates if client has not taken full PCLS with previous crystallisations?

They will need to be able to issue them within 3 months of a request. Which can only be made post 5 April 2024.

I have a client who took 100% of his LTA including £250,000 TFC four years ago. He is in an occupational scheme and now has an additional non crystallised fund of £150,000. Can he take any tax free cash from that additional amount?

As he's used 100% then his default calculation will assume £268,275 paid so no LSA. If a transitional certificate can be attained then they would have £18,275 LSA available.

Potential client has money purchase funds valued at £1.5 million with no protection. Client is aged 62. Is there anything he should be doing before April 2024?

This is more of an advice issue, if the client doesn't need to take benefits then taking action now could be detrimental. The main course of action would be making sure that the client is in a freedom friendly scheme with correct nominations to offer the greatest flexibility on death.

If a beneficiary inherits a pension pot which originally had enhanced protection held by the deceased member, will the beneficiary ever be potentially subject to tax on the inherited pot (assuming it stays in a pension wrapper to provide income and or lump/sums)?

As the LSDBA for those with Enhanced Protection will be capped at the 5 April 2024 value if there is a lump sum death benefit payment for a member that dies (under the age of 75 and the benefits are settled within the 2 year window) that is above the remaining LSDBA for the deceased member the beneficiary will pay marginal rate tax on this excess. If the money is placed into beneficiaries annuity or drawdown then this will not use any of the new allowances. Potentially (and assuming the scheme is freedom friendly and nominations are correct) the recipient could place this into drawdown then deplete the pot and this would be tax free.

Their beneficiary when they die may however be taxed.

Do any tests remain at age 75 for already crystallised benefits and their subsequent growth to that age?

No.

If client has eg Fixed Protection at £1.5M but then makes a contribution does their LSDBA allowance reduce to £1.0731M

As this is FP14 then the client will have applied for this before 15 March 2023. On that basis then as long as the protection was maintained until 6 April 2023 then there are no longer cessation events in this circumstance. Or in short, no!

Can a person's cumulative lifetime tax free lump sum exceed the maximum of £268,275 if one of his pensions has scheme protected tax free cash in excess of 25%, and this along with his other tax free cash take the total beyond £268,275? Or is he capped at the £268,275 figure regardless.

It appears so as there is no reference to LSA or LSDBA in the SSPTFC limit. It's important to note that is the scheme specific amount is taken first then this will use up LSA (based on 25% of the total amount of benefits crystallised), so the order of taking this would be important. Taking this last would produce the maximum tax free amount if this is the advice requirement.

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