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making the most of your  
annual tax allowances.

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# about us.

We are a leading financial wellbeing and retirement specialist - helping those in the workplace to improve their financial future.

Established in 2005, we work with hundreds of organisations across both the private and public sector.

Our financial education services are delivered on a bespoke basis.

# what we'll cover today.

- Income tax allowances
- Decoding your tax code
- Influencing your tax band
- Annual pension tax limits
- Tax efficiency when saving or investing
- Further information and advice

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# income tax allowances.

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# rates of income tax 2023/24.

## Personal Allowance

on the first  
£12,570\*



£12,570\*

## Basic Rate Tax

on the next  
£37,700



£50,270

## Higher Rate Tax

on the next  
£74,870



£125,140

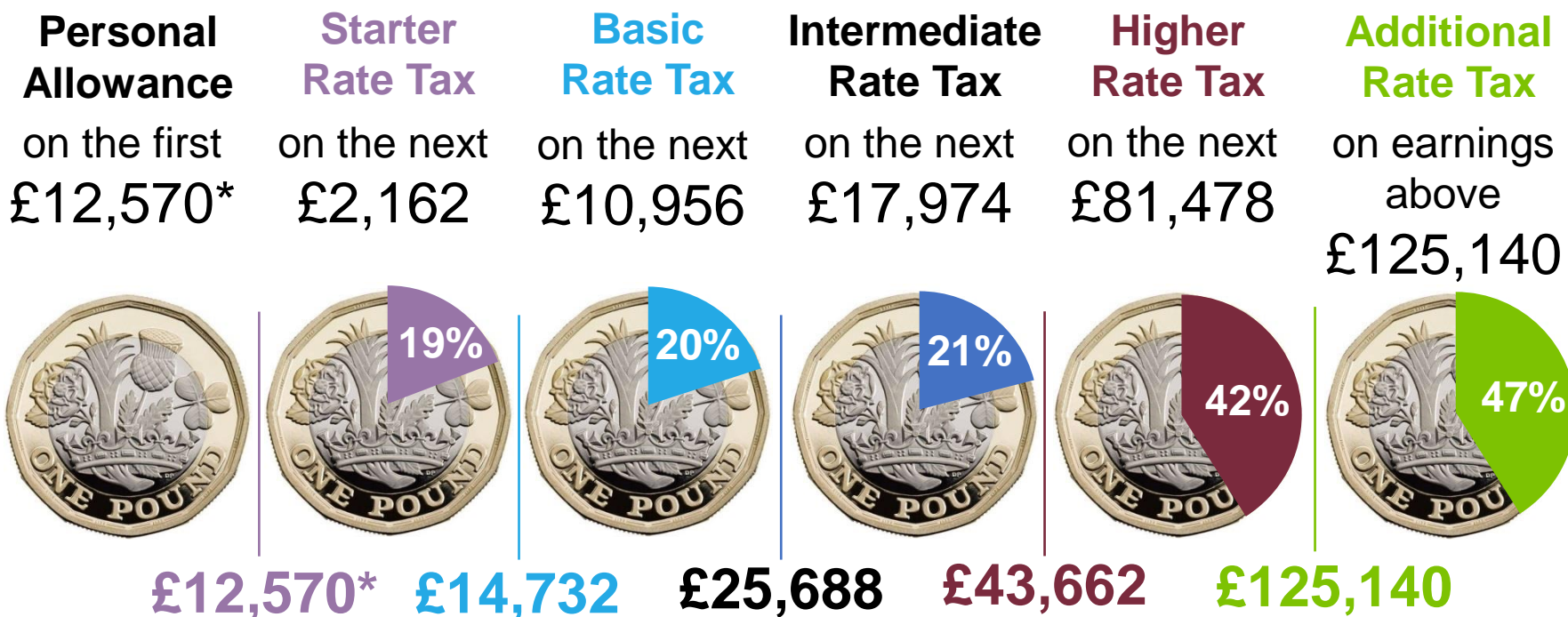
## Additional Rate Tax

on earnings above  
£125,140



\*The Personal Allowance reduces by £1 for every £2 of income above £100,000.

# Scottish rates of income tax 2023/24.



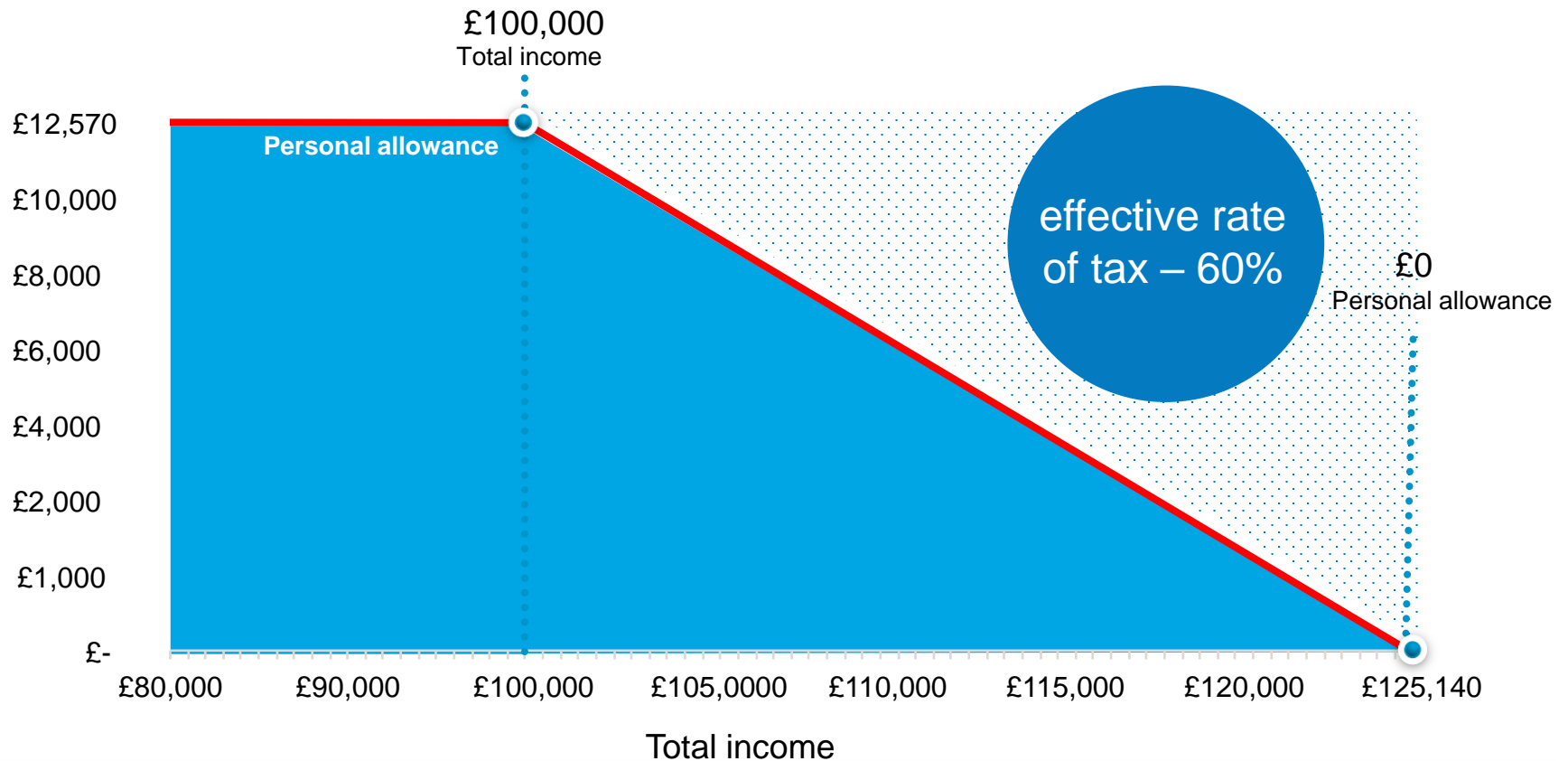
Scottish rates apply to: ✓ Earnings ✓ Pension income ✓ Rental income

They do not apply to: ✗ Savings ✗ Dividends ✗ Capital gains tax

\*The Personal Allowance reduces by £1 for every £2 of income above £100,000.

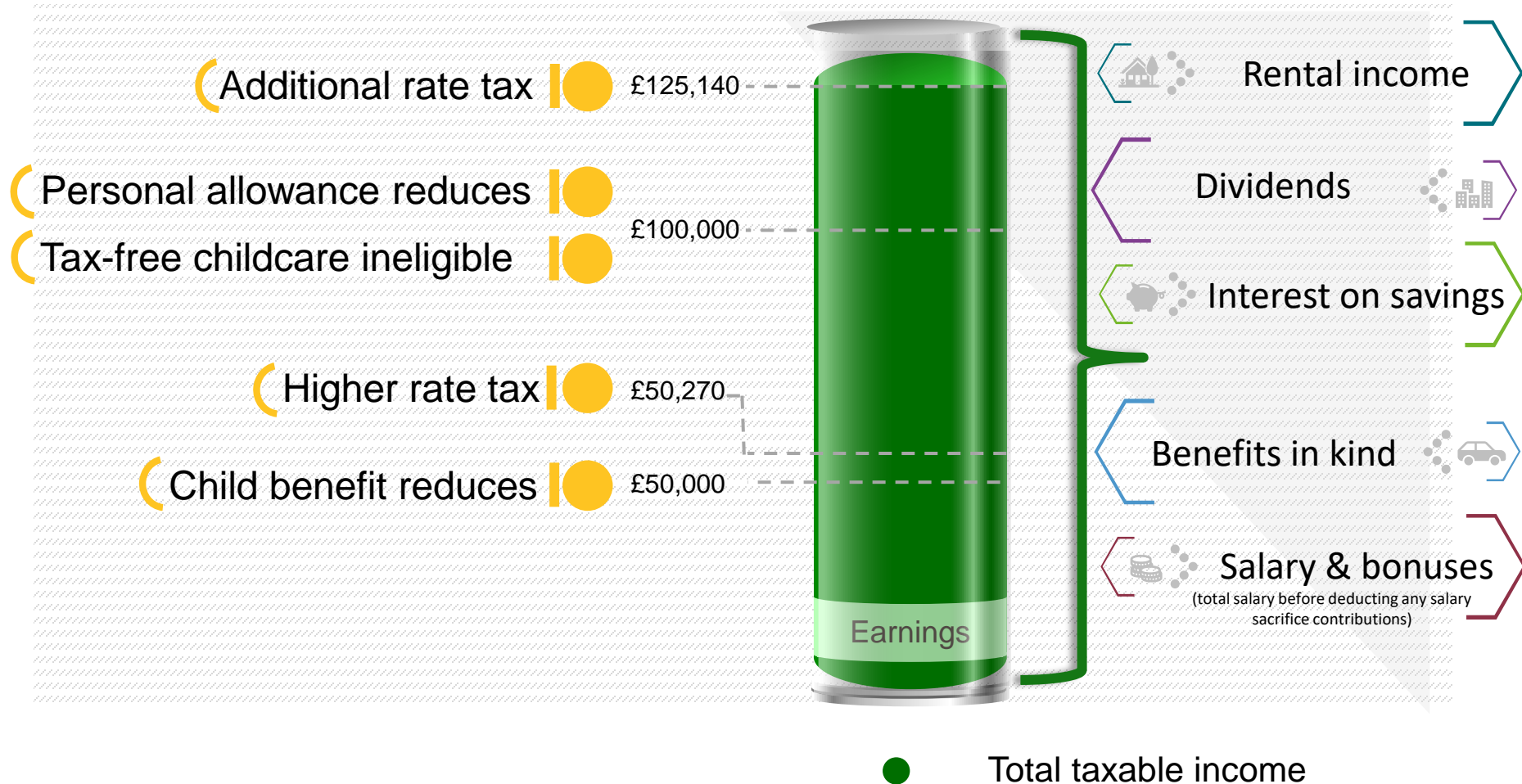
# reduction of the personal allowance.

For every £2 that an individual's total income exceeds £100,000, the personal allowance is reduced by £1.

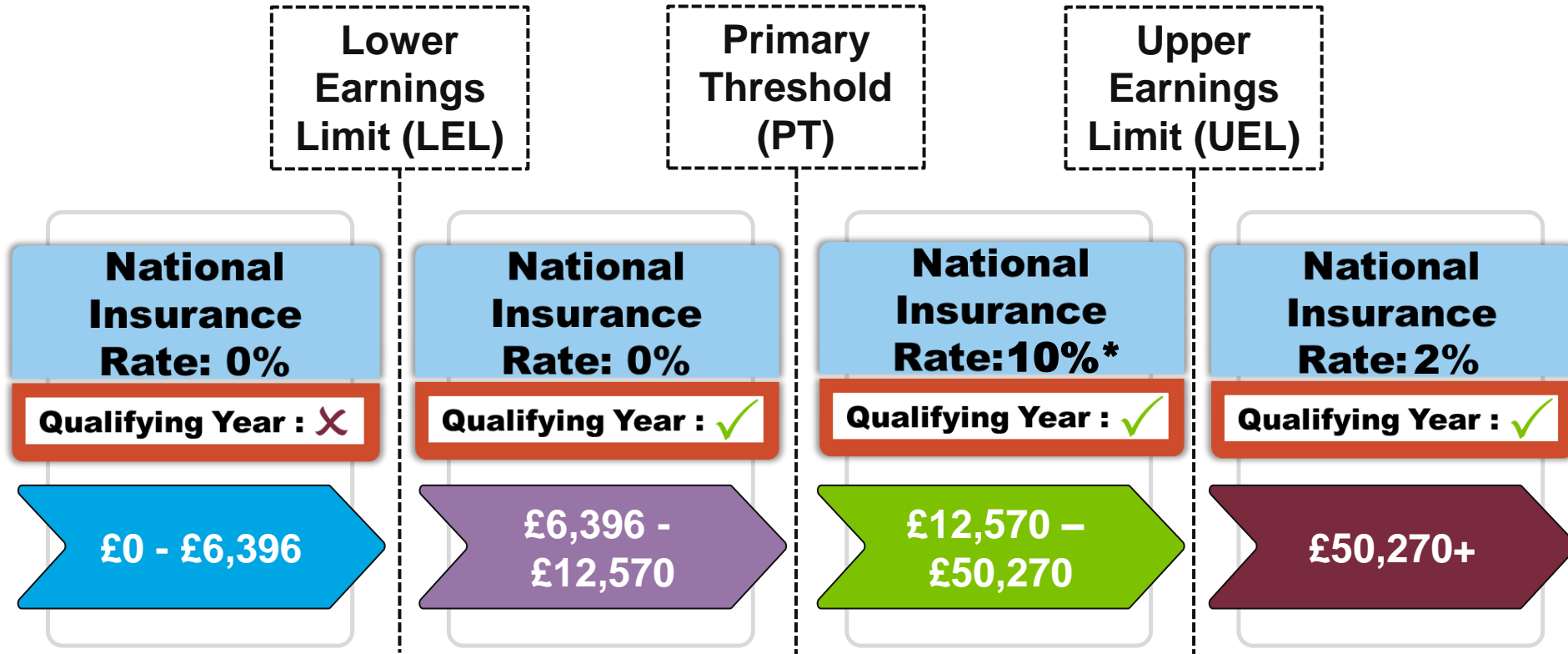




# impacts of additional income.



# National Insurance 2023/24.



\*The rate of the primary threshold was reduced from 12% on 6 January 2024.

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# decoding your tax code.

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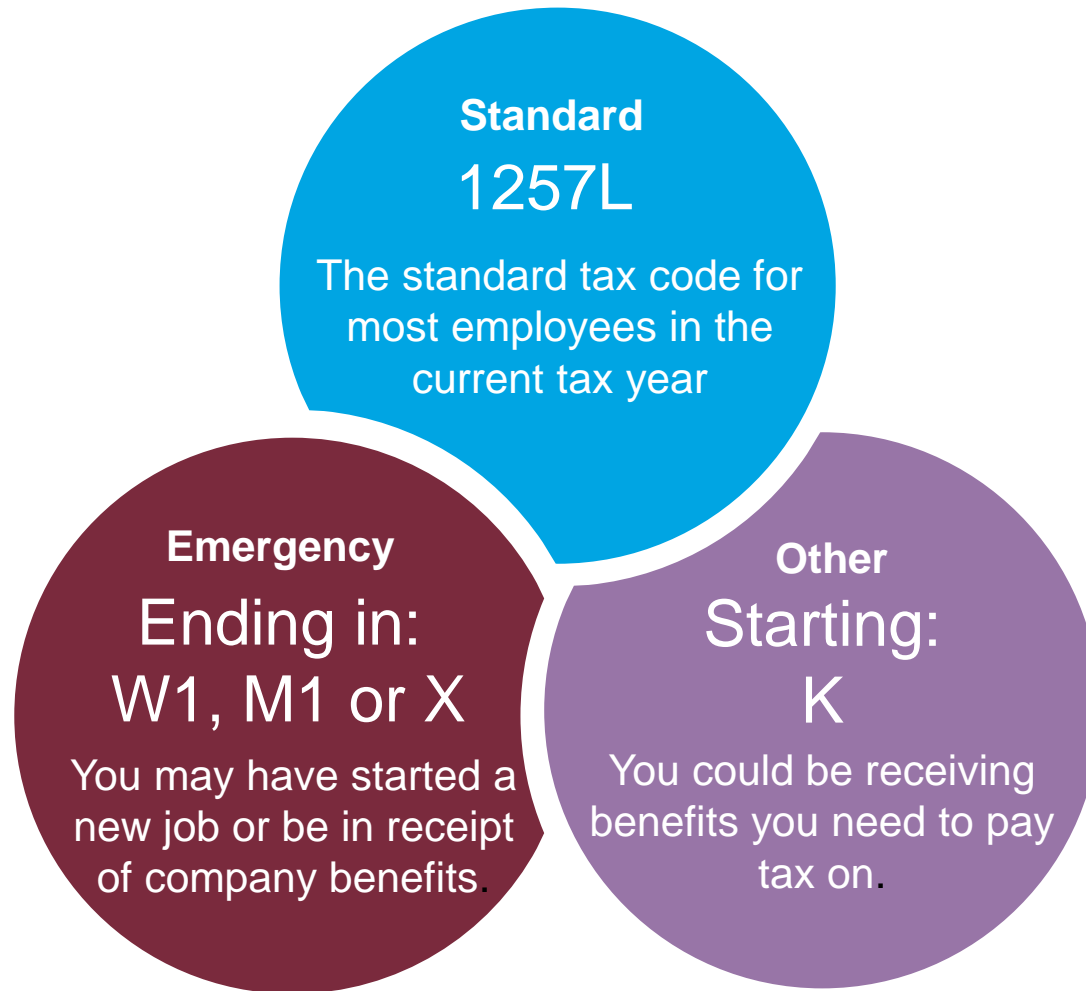
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# tax codes.

 HM Revenue & Customs	<b>PAYE Coding Notice</b> Tax code for the year 2023-24
Personal Allowance	£12,570
<b>Tax Code</b>	<b>1257L</b>

- A tax code is used to determine your Personal Allowance
- It is used by employers to calculate how much tax to deduct from your pay
- The standard tax code for 2023/24 tax year is 1257L
- In most cases, the Personal Allowance can be calculated from your tax code by multiplying the digits by 10
- Those with a 'K' code will not be able to calculate their tax code using this method

# common tax codes.



# how to fix an error.

If you believe your tax code is incorrect you should contact HMRC.



HMRC: Income tax: general enquiries



Webchat

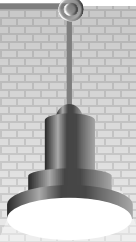


@HMRCcustomers (general enquiries only)



0300 200 3300

# marriage allowance.



This could reduce your or  
your partner's tax by up to  
**£252**

Enables the transfer of £1,260  
of personal allowance between  
spouses or civil partners.

The applicant must earn less  
than £12,570 and the partner  
must earn between £12,571  
and £50,270.



The transfer reoccurs  
annually until it is cancelled

You can backdate your  
claim to include any of the  
previous four tax years

# working from home tax refunds.

Since April 2022, you can only claim tax relief if you must work from home, not if you choose to. You must also meet one of the following conditions:



There are no appropriate facilities available for you to perform your job on your employer's premises.



Your job requires you to travel an unreasonable distance to and from your employer's premises on a daily basis.



You are required, under government restrictions, to work from home.

Source: HMRC



# how much could you get?

There are two ways in which you could calculate a potential tax refund.

## Flat rate

£6 /  
week

No receipts required.

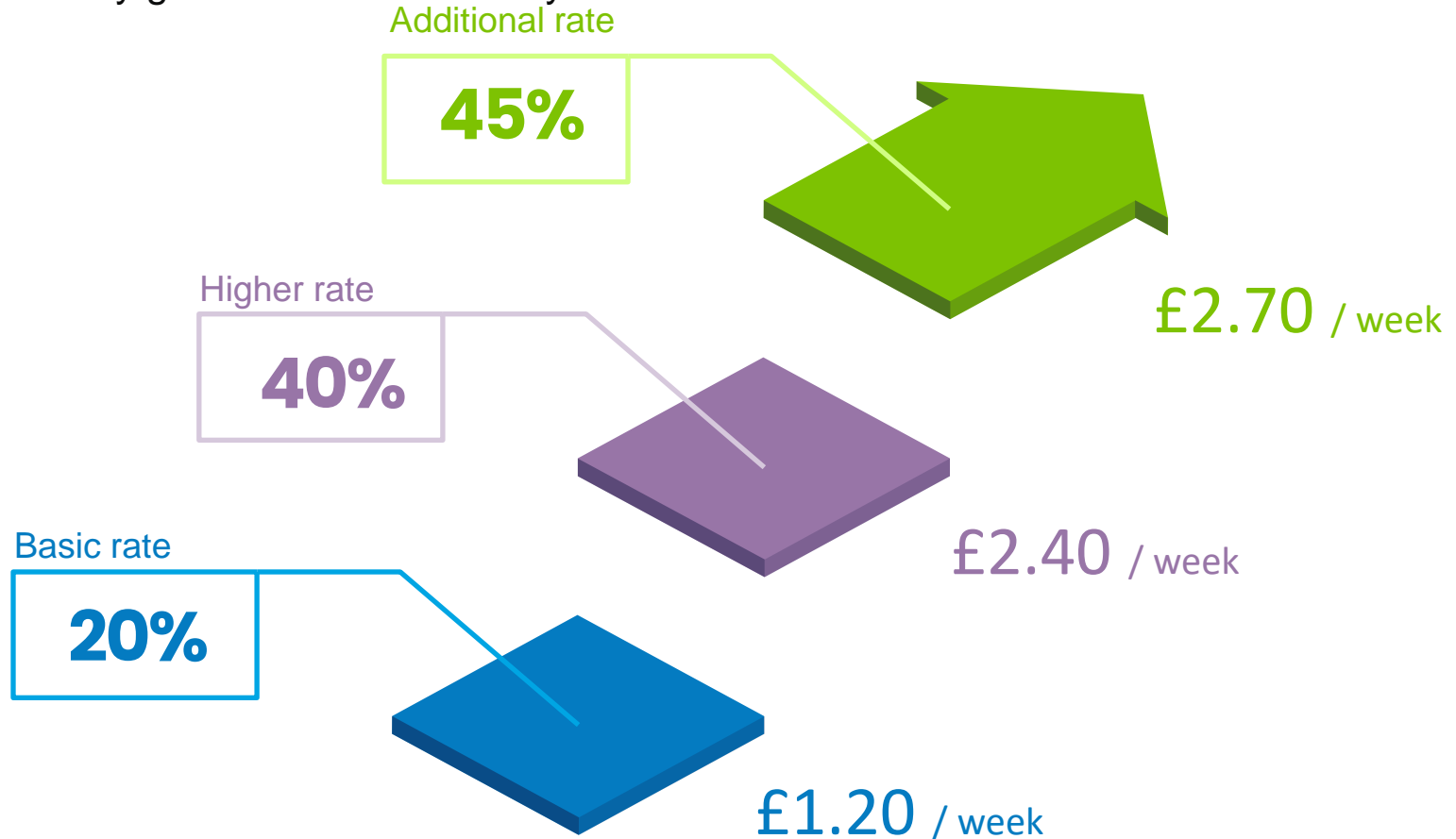
The exact amount of extra costs you've incurred **above** the weekly amount - you'll need evidence such as receipts, bills or contracts



## Bespoke amount

# how much could you get?

You will only get the tax relief on any costs.



Tax relief based on £6 a week

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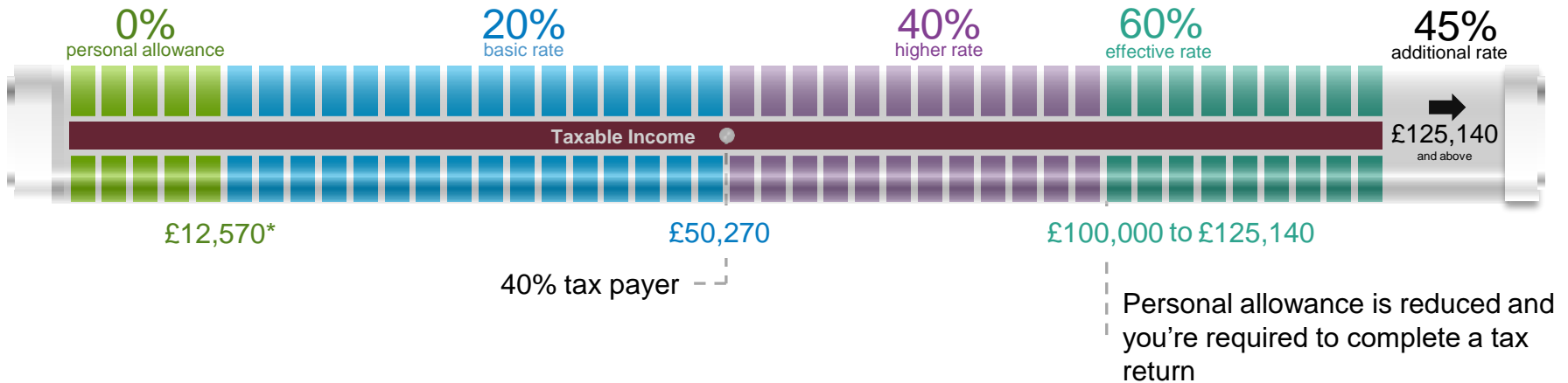
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influencing your tax band.

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# how salary sacrifice may help.



- Salary sacrifice reduces your wage for the purposes of these calculations
- You may be able to use Salary Sacrifice to reduce your tax burden

# JP Morgan UK Pension Plan.

Contribution as % of Pensionable Salary each year							
Company core	6%	6%	6%	6%	6%	6%	6%
Employee match	0%	1%	2%	3%	4%	5%	6%
Company match	0%	1%	2%	3%	4%	5%	6%
TOTAL ANNUAL	6%	8%	10%	12%	14%	16%	18%

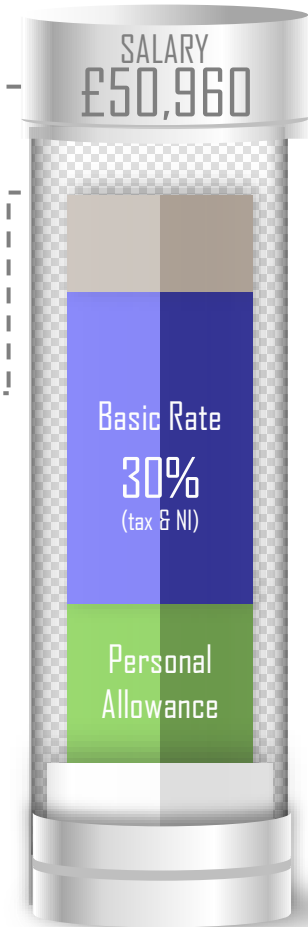
- You can elect to make employee additional contributions of more than 6%
- However the maximum employer contribution is 12%
- A salary cap of £141,000 applies to all contributions and calculation of DIS benefits

# managing your tax costs.

- JPM employee earning £52,000pa
- Paying a personal contribution of 2%

Fewer earnings in the higher rate tax band

No tax or NI on pension contributions\*



\*Subject to HMRC limits

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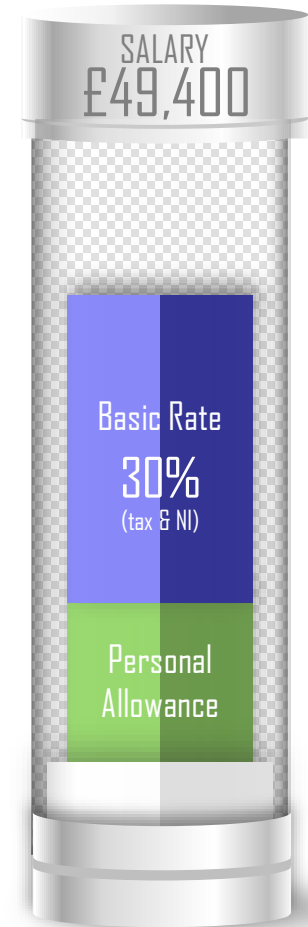
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# managing your tax costs.

- JPM employee earning £52,000pa
- Paying a personal contribution of 2%
- Paying a further 3% contribution means they are no longer a higher rate tax payer
- JPM also pay a further 3% match contribution



If it's affordable, consider using any future salary increases to increase pension contributions



# tax relief versus tax cost.

1.

You will typically pay no tax or NI on your pension contributions\*

3.

The following example weighs up the tax relief and tax cost of contributing and receiving a lump sum

2.

However withdrawals at retirement are assessed for tax

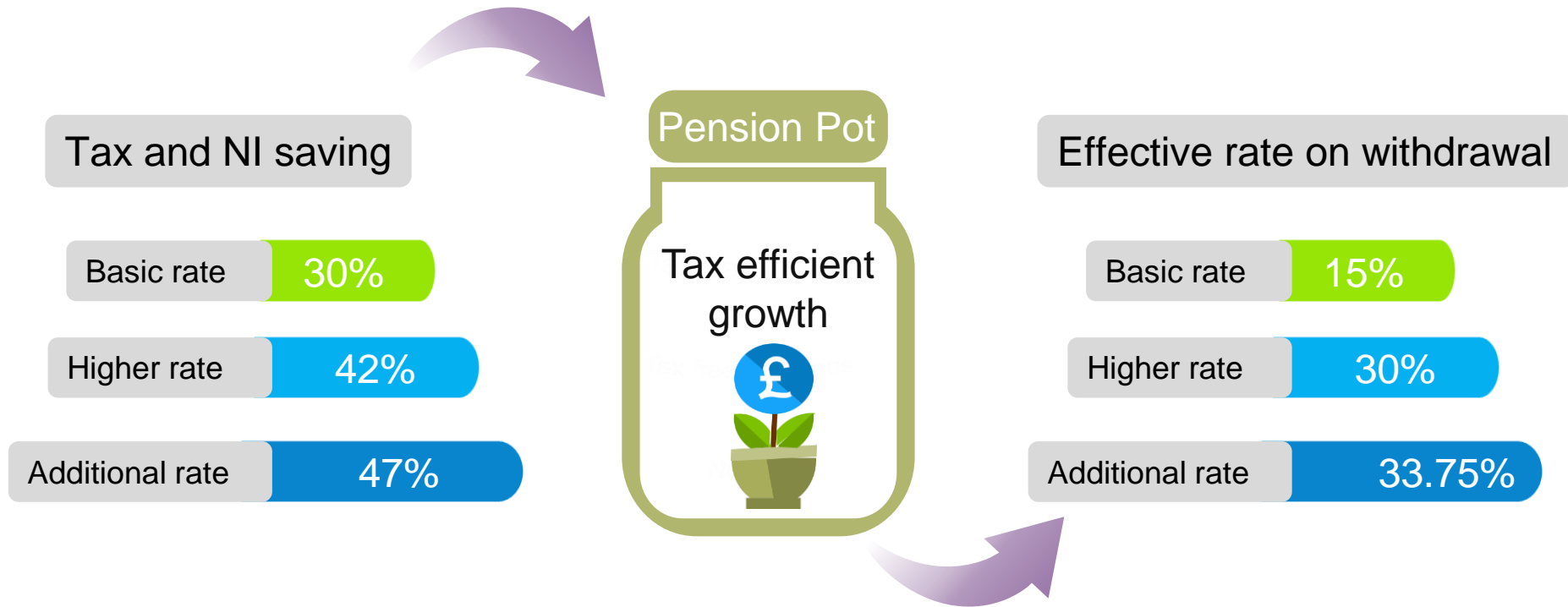
4.

There are numerous other ways you may choose to access your pension

\*Subject to HMRC limits



# tax saving vs saving cost.



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annual pension tax limits.

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# the annual allowance (AA).

Applies to the combined value of all contributions in a tax year.

A £60,000 annual allowance usually applies but is reduced in certain circumstances

How it's measured:



**DC schemes** – the value of contributions paid in the tax year



**DB schemes** – a formula is used and this figure is usually provided by the scheme administrator

If you exceed your available AA you will have to pay a tax charge

# carry forward.

Must normally earn more  
than £60,000 a year



You are limited by your  
earnings



You must use the AA in the current  
tax year first




Then any unused AA from the  
earliest year

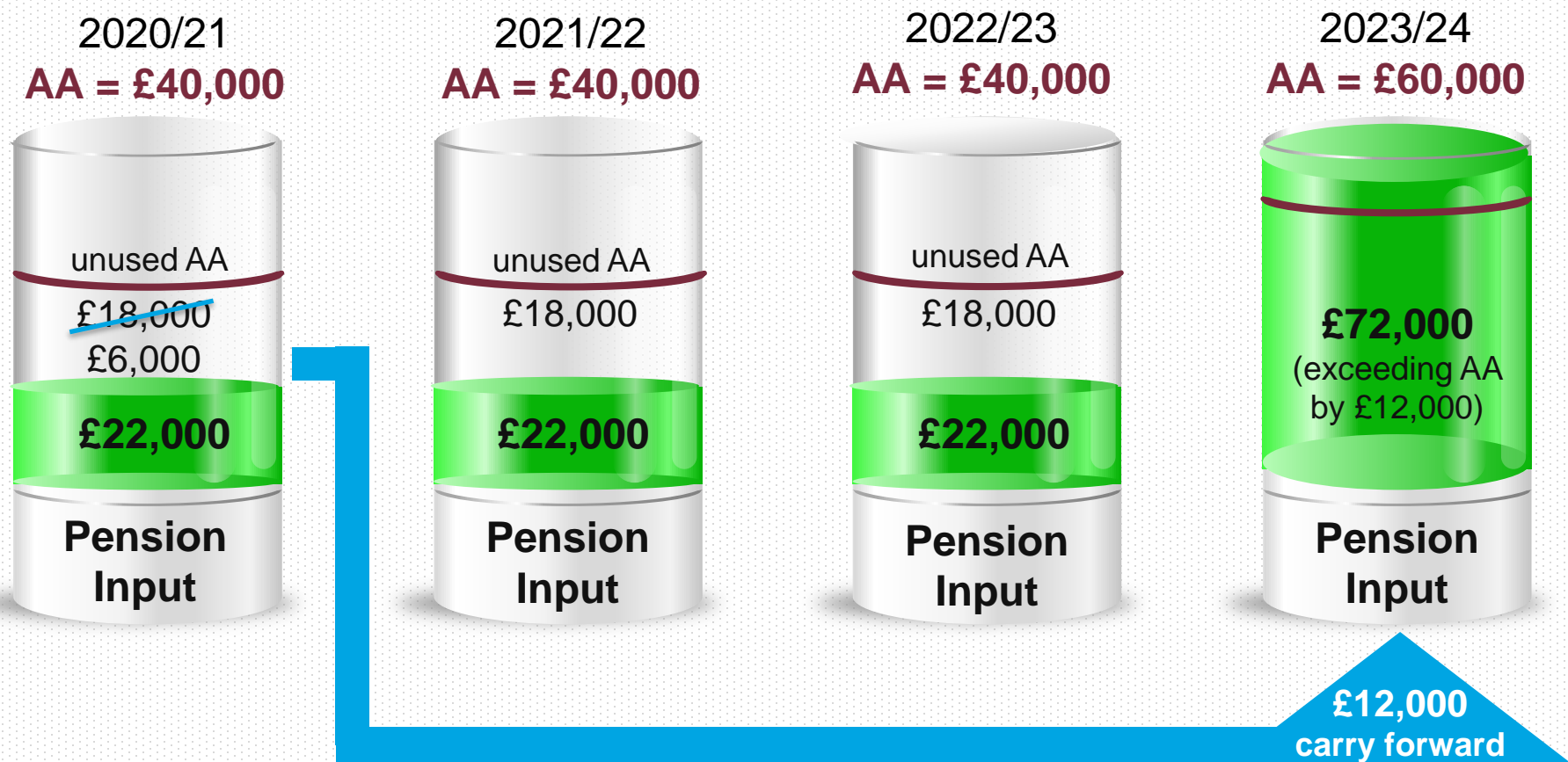


You must have been  
a member of a UK  
registered pension

**Carry forward  
unused annual  
allowance from up  
to the 3 previous  
tax years**

# an example of carry forward.

 An individual earns £80,000 in the current tax year and each of the previous 3 tax years



**Tax relief is only available on contributions up to 100% of earnings**

Assumptions: (1) salary has not changed for the last 4 years, &  
(2) pension input of £22,000 per year have been made for the previous 3 years

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tax efficiency when saving  
or investing.

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# personal savings allowance.

**£1,000**

**Basic rate**

**20%**

**£20,000**

**£500**

**Higher rate**

**40%**

**£10,000**

**£0**

**Additional rate**

**45%**

**5%  
savings  
rate**

The Personal Savings Allowance is based on UK income tax rates and not Scottish income tax rates

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# how much can you save?

As interest rates change and wages increase you should be aware of when you may breach your personal allowance.

Interest rate (%)	Basic rate	Higher rate
1	£100,000	£50,000
2	£50,000	£25,000
3	£33,333	£16,666
4	£25,000	£12,500
5	£20,000	£10,000
6	£16,666	£8,333
7	£14,285	£7,142
8	£12,500	£6,250
9	£11,111	£5,555
10	£10,000	£5,000

Example uses simple interest calculations for one year.



# dividend tax.

39.35%

Dividend income within the additional rate band

33.75%

Dividend income within the higher rate band

8.75%

Dividend income within the basic rate band

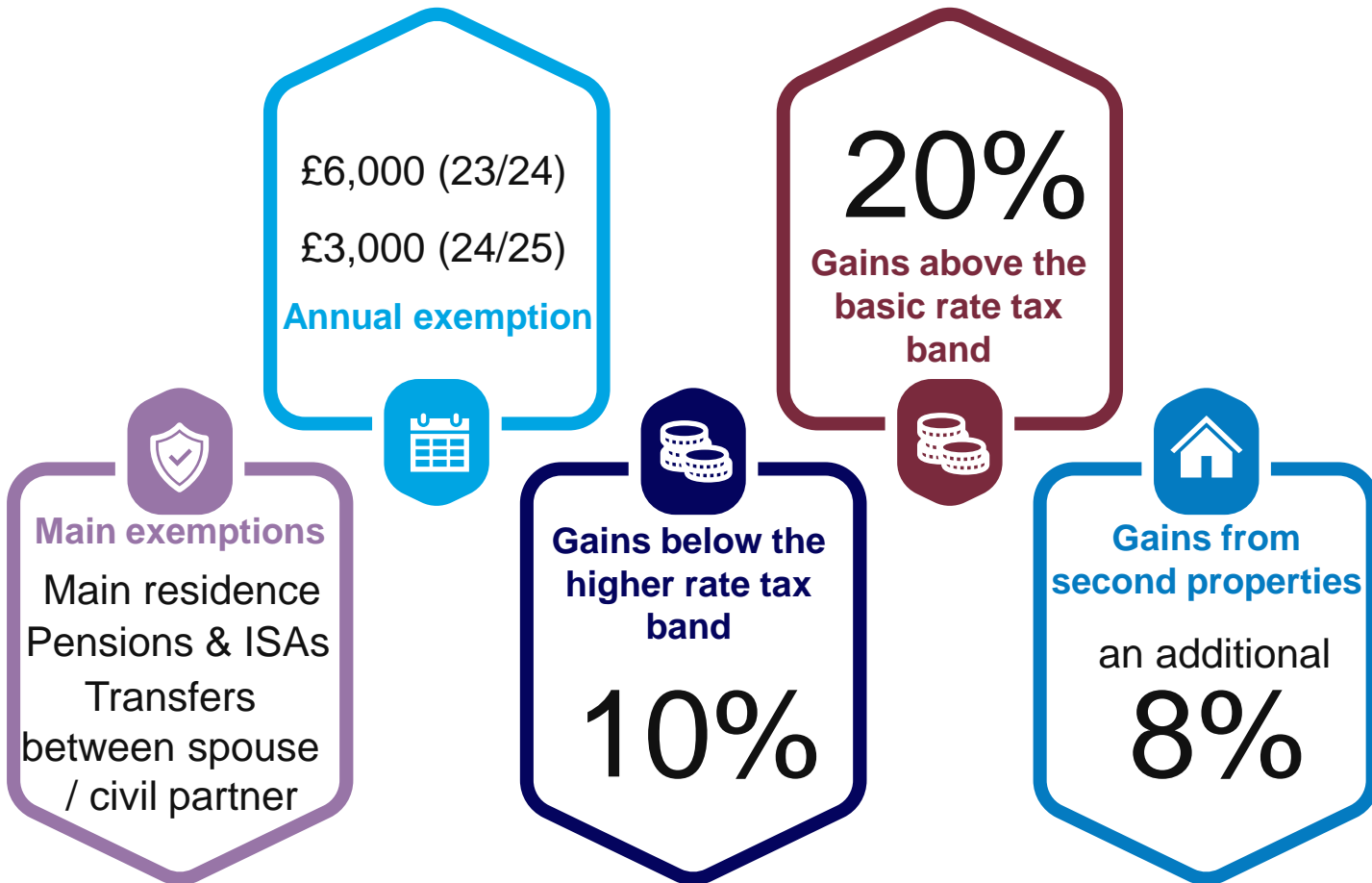
£1,000 (23/24) £500 (24/25)

Tax-free dividend allowance

The Dividend Allowance is based on UK income tax rates and not Scottish income tax rates

# capital gains tax (CGT).

CGT is a tax on gains when certain investments are disposed of.



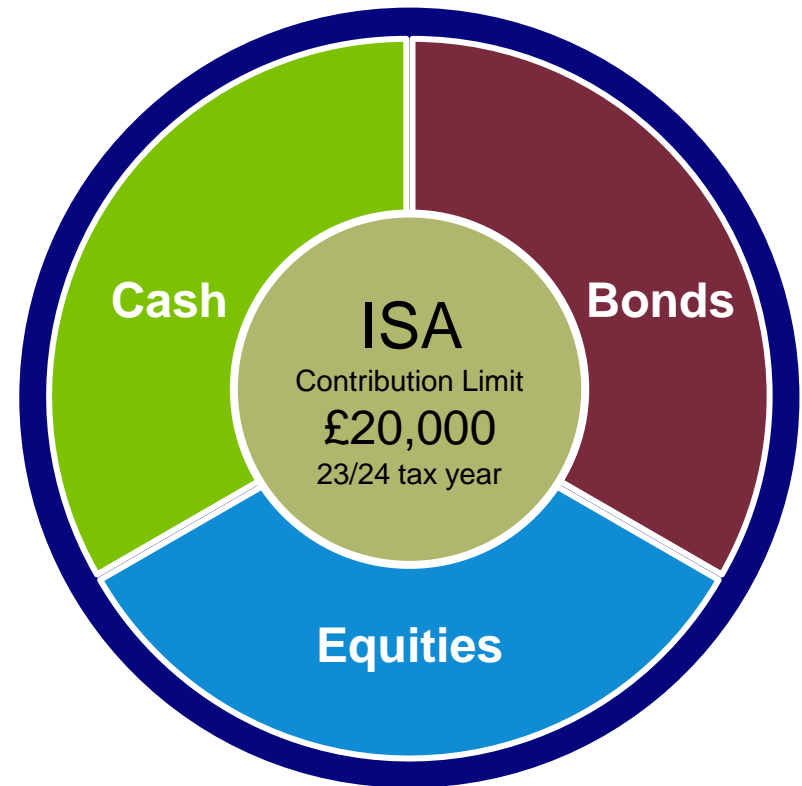
# individual savings accounts (ISAs).

- An ISA protects your savings from taxation
- 3 main types of ISA:

Cash ISA

Stocks & Shares ISA

Lifetime ISA



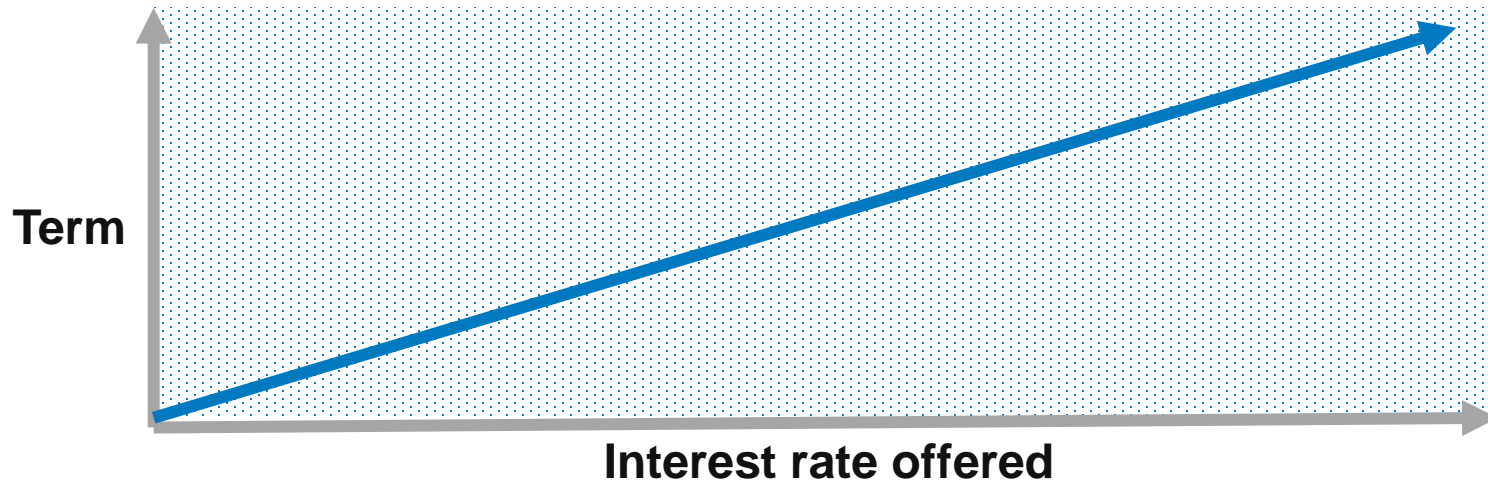
# cash ISA.

A cash ISA is like a normal savings account, but with the advantage of protecting your savings interest from tax.

## Easy access cash ISA

- Make one off or regular contributions
- Usually offer a similar rate of interest to other savings accounts on the market.

## Fixed term cash ISA



# stocks and shares ISA.

Hold multiple asset classes in a stocks and shares ISA to protect them from tax on dividends or Capital Gains Tax.

Investment trusts



Currency

Stocks and shares

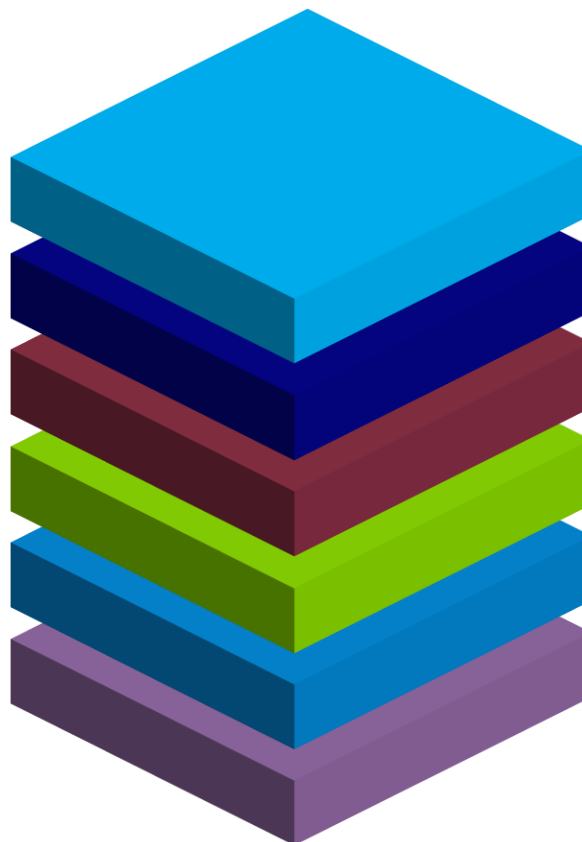


Exchange-traded funds

Open Ended  
Investment Companies



Bonds

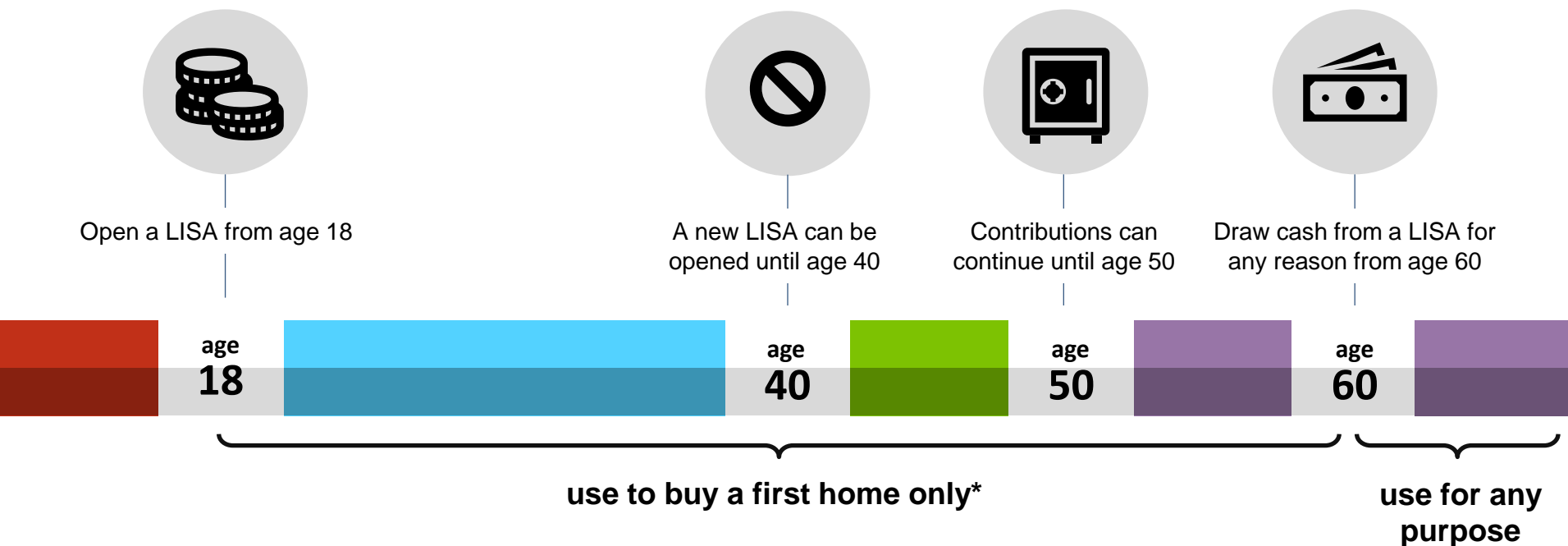


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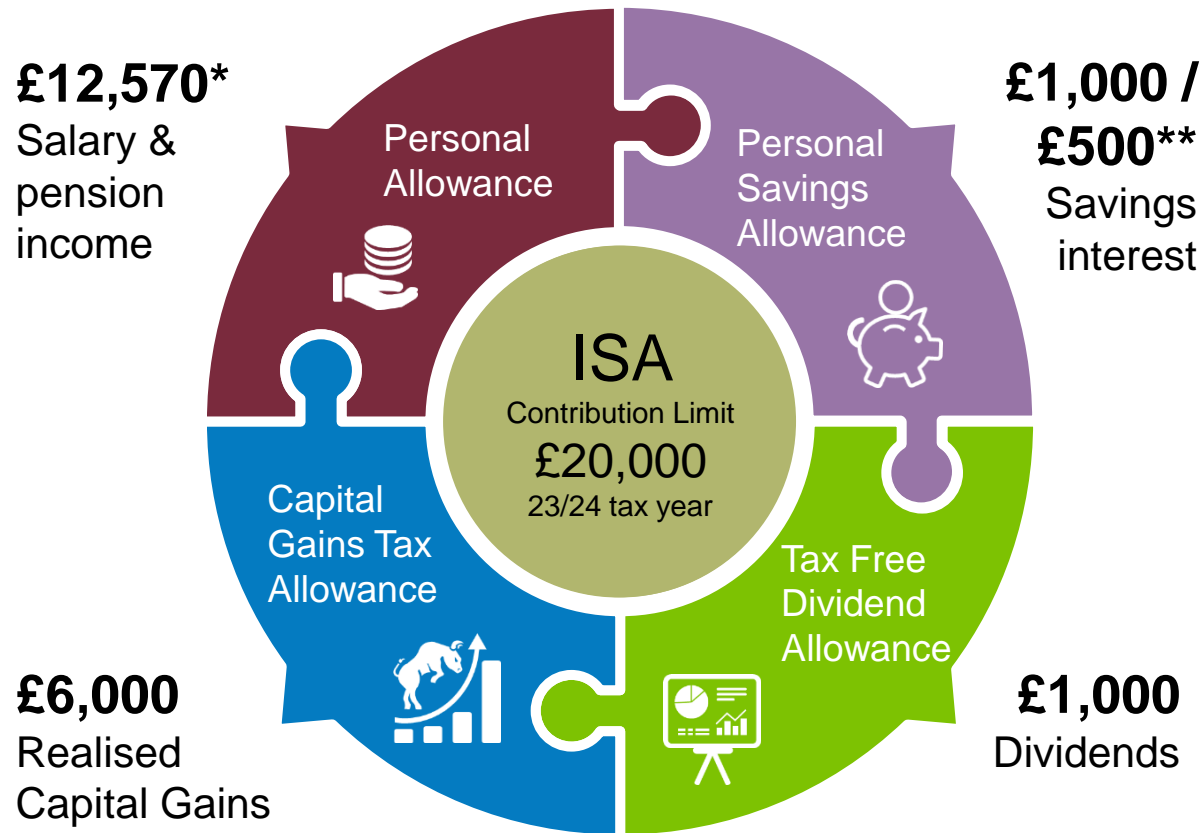
# lifetime ISAs.

- Contribute up to £4,000 per annum
- Receive a 25% bonus on all contributions



\*Withdrawals for any other reasons incur a 25% penalty charge except in the case of terminal illness.

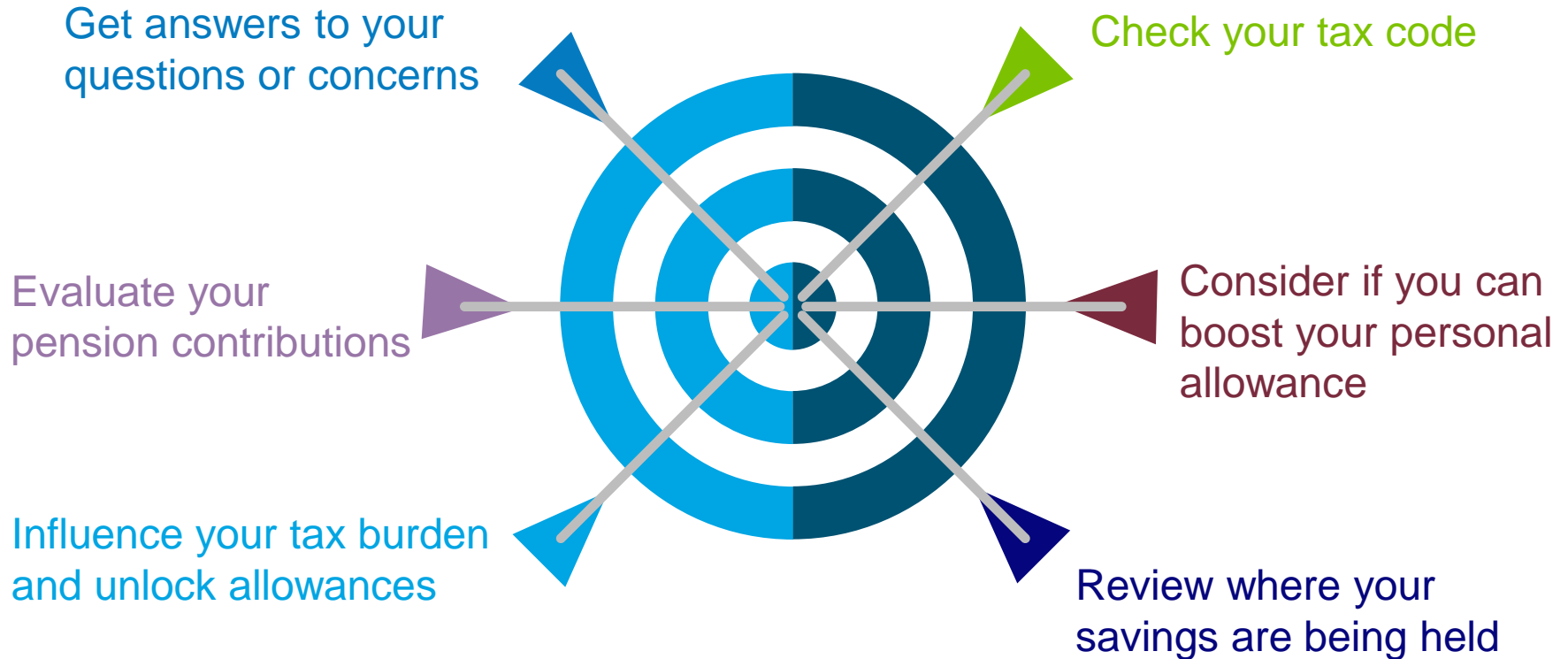
# tax allowances summary.



\*Reduced for those with income over £100,000

\*\*£1,000 for basic rate and £500 for higher rate tax payers. Additional rate tax payers do not have a Personal Savings Allowance

# actions to consider.





# seminars available to you.

01



## Early Career

"Start to build your financial plan"

02



## Mid Career

"Keeping your financial plan in check"

03



## Later Career

"Exploring your options at retirement"

04



## Pension Tax limits

"Addressing your pension savings limits"

05



## Saving and Investing

"Get your savings and investments moving in the right direction"

06



## Estate Planning

"Managing your estate and getting it in order"

06



## Parental leave

"Planning your finances for parental leave"

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# financial education structure.

## Request a Callback

Your personal circumstances will be discussed in your follow up call.



### Online Seminar

Today's online seminar will provide financial education and may include employer specific information.



### Regulated Financial Advice

You may choose to receive regulated advice following your call from **my wealth** or another firm on the financial services register

# seeking advice.

Regulated financial advice can provide you with information and advice on the most suitable course of action for you relating to a wide range of financial needs.

Local financial advisers can be found here:

- <https://register.fca.org.uk>

# contact us.

We provide a telephone helpline and a regulated investment advice service through **my wealth** - a trading name of Wealth at Work Limited which is a member of the Wealth at Work group of companies.

It helps individuals to understand their personal financial situation especially when selecting their retirement income options.

- Telephone **0800 028 3200**

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thank you.

0800 028 3200.

[www.wealthatwork.co.uk/mywealth](http://www.wealthatwork.co.uk/mywealth).

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