

Press Release

13 January 2011

Only 3 months left to inform employees of the impact of the new pension rules.

The new pension tax regime is effective from 6 April 2011. A reduced annual allowance for pension contributions of £50,000 and an increase in the valuation factor applying to defined benefit pension schemes are the most significant elements.

However, there are many more issues that employees need to be aware of such as:

- How to determine the value of pension contributions in the context of the reduced annual allowance
- There is additional complexity and risk for active members of defined benefit pension schemes primarily due to the increased valuation factor that now applies.
- When a tax charge may arise
- The new three year “carry forward” rule provides flexibility in managing pension savings
- In the year of retirement there will no longer be an exemption from the annual allowance
- How to value pension savings in the context of the reduced lifetime allowance and if appropriate claim “fixed protection” before 6 April 2012
- The impact of any changes made to the company pension scheme in response to the new regime
- Where to seek further guidance and/or advice

Jonathan Watts-Lay, Director of WEALTH at work comments, “With only 3 months to go before the introduction of the new pension tax regime, employees must be in a position to consider the likely personal impact. To do so, they will require the support and guidance of their employer in seeking to make sense of the changes, so an assessment can be made in the context of the reduced annual and lifetime allowances”.

He adds, “We are working with a number of clients to identify those employees who are most likely to be affected by the changes and supporting this with targeted communication, financial education and advice to explain the implications and options available. It is essential employees are made aware of these significant changes so they understand them. It appears many companies have yet to address these changes – the impact of failing to do so, particularly as it impacts the more senior employees, should be a concern to them”.

WEALTH at work is currently assisting some of the UK’s largest companies, ensuring that employees have access to the specialist support they require.

To ensure your employees fully understand the new pension tax regime or to learn more about our bespoke communication, financial education and advisory services, please contact us on **0800 028 3200** or for further information, please visit www.wealthatwork.co.uk/pensiontaxchanges